

GSA ARMY FEE ASSISTANCE

HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM HOUSE OF REPRESENTATIVES

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GSA ARMY FEE ASSISTANCE

Thursday, September 10, 2015

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
WASHINGTON, D.C.

The committee met, pursuant to call, at 9:02 a.m., in Room 2154, Rayburn House Office Building, Hon. Jason Chaffetz [chairman of the committee] presiding.

Present: Representatives Chaffetz, Mica, Jordan, Amash, Meadows, DeSantis, Buck, Walker, Blum, Hice, Russell, Carter, Grothman, Hurd, Palmer, Cummings, Norton, Lynch, Connolly, Duckworth, Lawrence, Lieu, Plaskett, and DeSaulnier.

Chairman CHAFFETZ. Good morning. The Committee on Oversight and Government Reform will come to order.

And, without objection, the chair is authorized to declare a recess at any time.

We thank our witnesses for being here today. We're going to be dealing with an important subject, the Army Fee Assistance Program that is in disarray. It is, this is a case of outrage and mismanagement. We will explore how a well-intentioned program created by Congress has been mishandled by the very government managers entrusted to administer and care for it. The Army Fee Assistance Program, or AFA, compensates eligible Army families who pay for third-party childcare off base when none is available on base.

In October 2014, the Army transferred the responsibility for administering the program from a private entity, Child Care Aware, to the General Services Administration, the GSA. Quality of service immediately began to suffer, a substantial backlog developed, applications and recertifications were not being processed. And, ultimately, payments were not being provided. So Army families, nearly 10,000 of them, struggled to pay their childcare providers. Desperate for help after payments stopped without warning, Army families struggled to break through to customer service to get answers.

Due to insufficient staffing, software, and planning, their calls and emails for help literally went unanswered. In fact, we're going to hear about how they were destroyed. In addition, GSA deleted 4,000 estimated voice messages and an unnumbered number of emails.

In transitioning the program to GSA, the Army made promises it couldn't keep. And families were left holding a bill for childcare they couldn't pay. Upon announcing the transition in January 2014, the Army told families, "Our goal is to assure a seamless

transition for our Army families and childcare providers.” It went on as the Army assured families, “There will be no disruptions in payments,” and that, “The Childcare Fee Assistance Program will continue to be issued monthly.” That was not true. It’s not true today. And a lot of families have unnecessarily had to finance this and suffer through the consequences of it.

Some of them have been devastating to families who simply cannot afford to keep up with the payments. They were told by their employer, they were told by the U.S. Government, they were told by the United States Army that this would be taken care of. They entrusted them. They worked for them. And they let them down.

The transition was riddled with problems that, in turn, hurt Army families. This is a quote from one parent participating in the program from the State of New York. The parent said, “The GSA Army Childcare Office is 2 months behind on payments to my childcare provider. This means I have to pay out of pocket for what they aren’t covering or I have to remove my child from the facility. The childcare provider must still be paid whether it is from me or the GSA. I have sent numerous emails and placed many phone calls. And there still is no solution. I continue to be told I will get a call back. I know of at least five other families also affected by this incompetence. The program should not be offered to soldiers and then continue to be inconsistent with payments. Many of us can’t afford to keep our children in childcare without this assistance. And it has placed a hardship on many of us. I’m also pregnant with another child and have placed inquiries with questions and no one has answered me at all. This is unacceptable and very frustrating to those trying to keep up with the payments.”

We find this to be consistent with what we believe are thousands of people going through similar challenges. According to the inspector general, the backlog of unprocessed family actions and unanswered phone calls and emails is almost 26,000. We’re not talking about 10 here or 20 there, 26,000. This is totally unacceptable. These individuals deserve answers.

To handle the backlog, GSA sought outside help but botched the award of the contract. Given the huge backlog, GSA awarded a second contractor to provide additional support to manage the program, including 20 additional individuals to fulfill requests and field phone calls and emails. Apparently, in a rush to throw money at the problem, no one properly vetted the individuals hired by the contractors. In reviewing those 20 individuals, who were given access to personally identifiable information of the Army families participating in the program, the Office of Personal Management found that 3 of the 20 contractors should never have been hired. One of the individuals even had an outstanding arrest and bench warrant pending against them. The other two individuals had severe issues, including prior bankruptcy filings and financial liens.

As part of their normal work duties, these contractors were given access to Army families’ personal identifiable information, including Social Security numbers, birth certificates of Army children, tax returns, locations of childcare providers, times the children were in childcare, home addresses, home phone numbers, bank routing information—for people who have an outstanding warrant for their arrest. Also highly problematic, the inspector general

found these individuals were never given the required privacy training, nor were they required to sign non-disclosure agreements required by the contract.

One bright spot, once GSA became aware of the compromise of some families' information, it did take immediate steps to rectify the situation. But it should have never happened. It did so by removing these contractors, offering families free credit monitoring services, and creating an action plan in response to recommendations by the inspector general.

I'm tired of the U.S. Government just saying hey, we're going to give you credit monitoring. That ain't going to cut it anymore. We keep doing this by the millions. Tens of millions of American workers working for the Federal Government are being offered credit services. That ain't going to cut it, and here we have another case of this.

However, the GSA then took a step backward, another security breach occurred. In this second instance, GSA failed to set appropriate controls and allowed unauthorized users to gain access to childcare subsidy information of 8,000 families. We'll hear more today from the inspector general about this second failure of GSA to protect families.

Army is considering moving the entire childcare subsidy program to the United States Department of Agriculture. Obviously it belongs in the Department of Agriculture. But at this point, anything seems better than the current situation. Another transition could occur as early as December of 2015. But for families who are suffering through this now, it doesn't sound like an acceptable answer.

Given the rocky transition to GSA, we need to understand how the Army plans to avoid the problems that occurred during the prior transition. It is unclear, however, how GSA and the Army plans to ensure we won't experience another boondoggle. Let me try to put in perspective how bad this is. In announcing the transition to the GSA, the Army asserted it would save 50 percent of program administration costs or \$4 million. Sounds like a laudable goal. Let's save \$4 million. We probably all want to do that. In reality, the transition actually increased administration costs due to the need to award additional contracts in information technology.

In fact, it cost an extra \$4.4 million. So instead of saving \$4 million, it cost \$4.4 million extra, an \$8.4 million swing. And to put in this perspective, Child Care Aware was operating with good software and 39 people and servicing Army families with minimal complaints, 39 people. The GSA has 184 employees, has plans for 37 more contractors, and still isn't getting the job done despite spending \$4.4 million more than we were spending before.

Our Army families, they sacrifice, they've got to be focused on their job. There's a reason why childcare services are offered. Many of them are offered on base. But in those situations where they're not, we need to be able to take care of those children. This is an absolute boondoggle. Desperate questions for the GSA in how they could botch this thing. They literally are operating on Excel spreadsheets, erasing emails, destroying emails, getting rid of voicemails. It's just totally and wholly unacceptable. And the Army and their attitude towards this is also unacceptable.

The question, right up to the Secretary's office, what is the United States Army going to do about this? We deserve better. The soldiers deserve better. And we're here to help fix that.

So with that, I would like to recognize Mr. Lieu. Ranking Member Cummings I think will be here a little bit later. But in his place, we're honored to have the gentleman from California, Mr. Lieu. And we recognize him for 5 minutes.

Mr. LIEU. Thank you, Mr. Chairman. I commend you for calling this important hearing. I want to thank your staff for working together in a bipartisan manner to provide oversight for a critical program impacting our military families. Having served on active duty and as a lieutenant colonel in the Air Force Reserves, also as a husband and father of two children, this issue has hit particularly close to home.

The GSA inspector general's report shows that with respect to childcare, the Army and the GSA have failed our military families. Mismanagement of the Army's program to help military families pay for childcare has caused inexcusable backlogs in processing payments and unnecessary financial hardships to thousands of military families. This program offers subsidies to help families pay for childcare when it is not available on base. Members of the military and their families sacrifice so much for our country. In return, we owe it to them to fight for and protect benefits that they rely upon and deserve.

And as we'll hear from two of our witnesses today, flaws in the program's administration have significant consequences for military families. Congress created this program on a bipartisan basis to help military families afford childcare. So it's fitting that our committee is addressing this problem jointly. The National Defense Authorization Act for fiscal year 2000 authorized the Department of Defense to provide financial assistance to eligible childcare providers who service military and Federal employees. Those subsidies allow military families to save money on childcare costs.

Prior to 2014, the program was jointly administered by the GSA and Child Care Aware of America, a non-profit organization helping families identify high-quality, affordable child care. GSA and CCA administered different components of the program, with GSA having responsibility for approximately 200 families and CCA servicing nearly 9,000 families. In 2014, the Army consolidated the program's administration under GSA which promised annual savings of \$4 million. But this deal proved too good to be true.

After assuming full responsibility for the program on October 1, 2014, GSA realized it had grossly underestimated the complexity and scope of the personnel and IT infrastructure needed to administer childcare subsidies for an additional 9,000 families. I have here a statement from Child Care Aware of America, the previous administrator of the contract. In January 2014, they were processing subsidy payments for all of their program participants within the Army's required 10-day period. This is in contrast to GSA, which is now responsible for the program, and whose own IG reported earlier this week that GSA was taking up to 7 months to process the payments. Mr. Chairman, I ask unanimous consent that the CCA statement be entered into the record.

Chairman CHAFFETZ. Without objection, so ordered.

Mr. LIEU. According to a previous report by the IG this past April, by January 2015, GSA had developed a significant backlog over 11,500 childcare subsidy actionable items awaiting processing.

On Tuesday, the IG issued an updated report finding that GSA officials had not noticed since 2011, "GSA's existing processes and personnel could not support a 9,000 family growth." The report also found that prior to the transfer, GSA, quote, "did not perform a full needs assessment to determine what IT systems were necessary to accommodate the 45-fold increase." As a result of those transition planning deficiencies, the Army has had to spend, as the chairman noted, an additional \$4.4 million to keep the program afloat above and beyond the original \$4 million contract price.

And because a significant backlog persists and continues to grow, additional funding will likely be needed to correct the serious flaws in the program's administration. In addition to GSA's shortcomings, there was, at a minimum, inadequate Army oversight of the program's transition planning and implementation and perhaps a lack of due diligence in selecting GSA as the sole program administrator.

We'll hear from Stephanie Hoehne, the top management for the Army's program, who said in her written statement, "The Army did not provide sufficient oversight to the transition for the risk involved nor recognize the magnitude once the problems surfaced." Going forward, the Army and GSA must immediately identify and implement concrete measures to correct these serious flaws.

GSA as a program administrator and the Army as a program owner share responsibility for ensuring the successful operation of the Childcare Fee Assistance Program. Together they must take steps to eliminate the current backlog so that our military families do not needlessly face financial hardships to pay for childcare.

I look forward to hearing for a timetable today to show how they plan to fix this program. As we learned from the IG's recent report, one family is now filing for bankruptcy as a result of subsidy payment delays. And that's entirely unacceptable. It's also unacceptable that the IG report's findings show that thousands of emails and voicemails from military personnel was simply deleted by GSA.

Our Nation's families deserve better. And it's my hope that by continuing working in a bipartisan manner, we can help get this program back on track. Thank you, Mr. Chairman.

Chairman CHAFFETZ. Thank the gentleman.

Chairman CHAFFETZ. I'll hold the record open for 5 legislative days for any members who would like to submit a written statement.

Chairman CHAFFETZ. We're now going to recognize our first panel of witnesses. Our first witness is Ms. Kaela Hensley, an Army spouse from Fort Meade, Maryland. My understanding is she has a young daughter who is 2 years old who has been engaged in this program. And she's never testified before Congress. We're honored and privileged to have you here. And we look forward to hearing your personal story.

We're also joined by Captain Karmon Dyches, a research psychologist at the Center for Military Psychiatry and Neuroscience at the Walter Reed Army Institute of Research. Let the record reflect that Ms. Dyches is appearing in her personal capacity. My under-

standing is she too has a 2 year-old daughter who is engaged in this program. And I don't believe she has ever testified before Congress. We look forward to hearing from Captain Dyches as well.

We also have the Honorable Carol Fortine Ochoa, inspector general for the General Services Administration, recently confirmed by the U.S. Senate after an extensive process. Sorry that process takes so long over in the Senate. This is your first testimony before Congress I believe as the Senate-confirmed inspector general. So we're honored to have you here and learn of your perspective and the good work that so many of the people in your organization have done to get us to this point.

We also have Ms. Stephanie Hoehne, director of Family and Morale, Welfare and Recreation, G9 Installation Management Command for the United States Army.

And Mr. Gerard Badorrek—did I pronounce that properly? I hope so—chief financial officer for the General Services Administration. We welcome you all.

Pursuant to committee rules, all witnesses are to be sworn before they testify. So if you will please rise and raise your right hand.

Do you solemnly swear or affirm that the testimony you're about to give will be the truth, the whole truth, and nothing but the truth? Thank you. Please be seated.

Let the record reflect that all witnesses answered in the affirmative.

In order to allow time for discussion, we would appreciate if you would limit your verbal comments to 5 minutes. Your entire written statement will be entered into the record. It can be a very brief statement. But we want to give you a chance to each kind of briefly tell your story and give your perspective. And then at the conclusion of that, then we'll get to the question and answer portion of it. And Ms. Hensley, we now recognize you for 5 minutes.

WITNESS STATEMENTS

STATEMENT OF KAELA HENSLEY

Ms. HENSLEY. Good morning, Chairman Chaffetz, Mr. Lieu, and other distinguished members of the committee. Thank you for giving us the opportunity to speak about our experience with General Services Administration's handling of the Army Fee Assistance Program.

I am a veterinary technician and my husband has served the U.S. Army for 11 years. When I finished school, I took on a new job as a vet tech. We tried to enroll our daughter into on-post child development center. That's when we were informed the wait list would take a year which meant AFA was our only option. My husband and I never imagined the stress, the sleepless nights and tears you would have to endure because of this decision. Pinching pennies to make ends meet and feeling as a parent you have failed your child because you're unable to provide them with the basic essential things such as proper education, food, diapers, and clothing.

Have you ever had to make the decision whether you should fill your gas tank up or buy bread for your family? These were the types of decisions GSA forced my husband and I to make. We went as far as canceling our cable subscription and switching cell phone

provider just to have a couple more dollars in our bank account. We even used money from our savings to help pay for daycare, money that was supposed to be going towards purchasing a home. When our savings was no longer an option, my husband was placed in a humiliating position when he had to ask his parents for money.

Because of GSA, I was within 2 days of submitting my 2 weeks' notice and removing our daughter from daycare. My husband and I made it through the 4 months of financial hardship. We were fortunate enough to have family who could help us in this trying time. But as for other thousands of families who were and probably still are going through this, might not be as fortunate. We cannot be alone in this struggle. Other Army families are likely experiencing similar or even worse hardship.

I hope after today, we will have that peace of mind knowing someone is listening and ready to take action on this matter. Thank you for the opportunity to speak before you.

Chairman CHAFFETZ. Thank you.

[Prepared statement of Ms. Hensley follows:]

[For complete submitted testimony, please see the following website: <https://oversight.house.gov/hearing/gsa-army-fee-assistance>]

Chairman CHAFFETZ. Captain Dyches, you are now recognized.

STATEMENT OF KARMON DYCHES

Ms. DYCHES. Chairman Chaffetz, Mr. Lieu, and other distinguished members of the committee, thank you for the invitation and the opportunity to appear before you today to discuss the General Service Administration's management of the Army Fee Assistance Program.

My name is Karmon Dyches. And while I am a captain in the United States Army stationed at the Walter Reed Army Institute of Research in Silver Spring, Maryland, I am here today in a personal capacity. And, as such, these views are my own and do not represent the position of the Walter Reed Army Institute of Research, the U.S. Army, or the Department of Defense. My husband is also a member of the U.S. Army. We live in Laurel, Maryland with our 2 year-old child who attends a privately-owned daycare in the town in which we reside.

The purpose of the AFA Program is to provide a subsidized alternate daycare option to Army families who are geographically dislocated from on-post daycare or in the event there is a long wait list for an on-post daycare. My family falls not into just one but both of these categories.

The U.S. Army does a tremendous job taking care of their soldiers and their civilians. The AFA Program is just one of many examples of an Army program designed to help families build and plan for their futures. However, as you have read in my written statement, my family's childcare provider has experienced delays in payments and recertification due to the mismanagement of the AFA Program by the GSA.

What I would like to convey to you now are the specific and lasting impacts this mismanagement has caused. My husband's end of

time of service date is approaching. It would be beneficial for both of us to move closer to his new job location and closer to my current duty station. However, due to the AFA mismanagement by the GSA, we are actually afraid of moving our daughter to a different daycare. We fear that a new provider won't be as forgiving and understanding as our current provider is about the delays in payment. And we fear that a new packet won't ever be approved, as it took 10 months to simply recertify an existing packet.

We also happen to have a great relationship with our childcare provider. However, if that weren't the case and we felt we should move our daughter for personal or even safety concerns, we would actually have to decide between leaving her there or undoubtedly paying for full-time daycare elsewhere until a new packet was approved. This is unacceptable. Those who serve our country make many sacrifices. But we absolutely should not have to sacrifice the health and the safety of our children while serving the United States of America.

Again, my husband and I are a dual military couple. Daycare isn't a choice, it's a requirement. Additionally, my husband and I have had to delay having a second child due to the fact that we cannot afford to pay for daycare for two children given the current issues we are facing right now. If the GSA were not mishandling this very critical Army program, we would regain the freedom to plan for our future. Army Fee Assistance families have to know when this will end. How can anyone plan for a future without knowing what that future will likely cost?

Furthermore, if I said that the GSA's mishandling of the AFA Program has had no impact on my professional life, I wouldn't be telling the truth. I have on many occasions put the mission aside to proactively attempt to figure out why our packet wasn't being reviewed or why our childcare provider wasn't being paid. Due to frustration and financial burdens, I have wept alone at my desk, talked at length with close battle buddies, and even described our struggles with the GSA to my chain of command. Everyone has been extremely supportive. But, in the end, there isn't anything they can do to fix this. However, with your help, I believe a resolution is possible.

In short and in my opinion, the GSA has failed to uphold its promise to Army families. There no longer seems to be accountability to ensure soldiers are not encountering extra burdens or unexpected costs associated with child care. The GSA has failed to allow soldiers to plan not only for long-term goals, but for immediate needs. Given the difficulty my own family has had with the GSA's mishandling of the AFA Program, it's not hard to imagine what other Army families have gone through.

Imagine not being able to afford groceries or gas because you had to paid for unexpected childcare costs. Imagine being a new mother or father and being forced to choose between maintaining a new career or to quit working because the unexpected cost of daycare is more than your monthly paycheck. Imagine having your child kicked out of daycare because your childcare provider had their own bills to pay and needed to work with a more reliable family. Imagine dealing with all of that while your spouse is deployed.

Now imagine being that deployed mother or father and getting those monthly phone calls from home about these issues and tell me if you think that your mind would actually be on the mission. Thank you for your time and for your service.

Chairman CHAFFETZ. Thank you.

[Prepared statement of Ms. Dyches follows:]

[For complete submitted testimony, please see the following website: <https://oversight.house.gov/hearing/gsa-army-fee-assistance>]

Chairman CHAFFETZ. Ms. Ochoa, you're now recognized for 5 minutes.

STATEMENT OF THE HONORABLE CAROL FORTINE OCHOA

Ms. OCHOA. Good morning, Mr. Chairman, Mr. Lieu, and members of the committee.

Thank you for the opportunity to testify about the office of the inspector general's report concerning GSA's handling of the Army childcare subsidy program or AFA.

Problems in the GSA's administration of the program are significantly affecting Army families. Starting in 2003, GSA administered the subsidy program for approximately 200 Army families whose children were enrolled exclusively in Federal childcare centers. In April 2014, GSA agreed to expand its administration of the Army program to include Army families enrolled in private childcare centers as well. This added over 9,000 families and 5,000 childcare providers to the program.

GSA administers the program based on Army requirements. Army families must provide documentation showing their eligibility for the program. And providers must show they are licensed and qualified to provide the care. While a family awaits approval of their subsidy application, they must pay all childcare costs up front.

The OIG's evaluation of this program began in February of this year after GSA's current administrator reported to us serious concerns about the program, including a backlog then of over 5,000 items. Our report found that from the beginning of GSA's administration of the expanded program in August 2014, through the end of July 2015, the program experienced continually increasing backlogs of unprocessed subsidy requests, unpaid invoices, and unreturned calls and emails.

We found that the primary cause of the increased backlogs was GSA's failure to plan adequately for the expansion. GSA officials were on notice well before implementation of the expanded program that it would add over 9,000 families and that GSA's existing processes and personnel could not support such growth. Yet, GSA failed to streamline processes and scale up staffing levels in advance of the expansion.

At the start of the expanded program, staffing levels were far too low, staff lacked appropriate privacy training and security screening, and the IT systems for the program were inadequate and incompatible. Program personnel were soon overwhelmed by the massive increase in workload, and the backlogs began to mount. We found that GSA's efforts to gain control of the backlogs have included hiring additional personnel, changing its case management

process, and adding software applications with additional funding from the Army. Despite these efforts, by the end of July, the backlog had grown to nearly 26,000 unprocessed subsidy actions, unpaid invoices, unreturned emails, and unreturned phone messages.

Army families enrolled in this program have experienced inadequate customer service and substantial delays. Their phone calls went unanswered. Their voice messages and emails were ignored and deleted. Families have reported severe financial and other hardships resulting from these delays. For example, Army families reported being forced to consider having a spouse quit a job or quit school in order to leave one parent at home with their children. One family reported that their provider had sent their account to collections. Another, that they were facing bankruptcy.

In addition, Army families' sensitive information was provided to contractors before they had completed required background investigations. The sensitive information included Social Security numbers, dates of birth, and bank routing information, among other things. Despite GSA's effort to secure that security access breach, other breaches have since occurred.

The Army childcare subsidy program was intended to be included as a part of the transfer of GSA's financial management line of business to the U.S. Department of Agriculture. As of July 31, the planned transfer of the program to the Department of Agriculture has been placed on hold.

The OIG makes two recommendations in its report. First, assuming that Army decides to keep GSA in charge of this program, we recommend that GSA work with the Army to form a plan to eliminate the backlog, achieve customer service timelines that are satisfactory to the Army, and ensure the security of Army families' sensitive information.

We also recommend that to avoid yet further disruption to Army families in the event this program is transferred elsewhere, GSA should obtain Army agreement and the transferee's agreement on conditions for program transfer.

Thank you for the opportunity to testify about this matter and for the committee's support of inspectors general. I ask that my testimony and the OIG's report be made part of this record. And I would be happy to take any questions the committee may have.

Chairman CHAFFETZ. Thank you. The entire written statement and record will be made part of the record.

[Prepared statement of Ms. Ochoa follows:]

[For complete submitted testimony, please see the following website: <https://oversight.house.gov/hearing/gsa-army-fee-assistance>]

Chairman CHAFFETZ. Ms. Hoehne, you're now recognized for 5 minutes.

STATEMENT OF STEPHANIE L. HOEHNE

Ms. HOEHNE. Good morning, Chairman Chaffetz, Mr. Lieu, and other distinguished members of the committee.

I'm Stephanie Hoehne, the director of Installation Management Command's G9, Family Morale, Welfare, and Recreation. The Army's FMWR Program operates and is responsible for about \$2.4

billion in programs across the Army, with more than 25,000 employees worldwide.

I've been working in government service for over 37 years, the first almost 27, in uniform, the last 10, as an Army senior executive. Thank you for your invitation to appear and explain how we plan to restore the Army's Fee Assistance Program and regain the confidence of our Army families and their childcare providers.

As you noted, sir, Army families rely on quality childcare as a part of their support network. It is a critical enabler for sustained readiness. The Army provides more than 200 childcare centers on installations and provides fee assistance for families who do not have access to on-post childcare facilities. The Army Fee Assistance Program pays community providers the difference between their rates and what would be charged at an on-post facility.

From August to October 2014, as a cost-saving measure, the Army transferred administration of all of the Army Fee Assistance Programs to GSA. We expected to save \$4 to \$5 million in overhead administrative costs while keeping the same level of service. It was a logical choice at the time given the fiscal constraints we were under. However, as a customer service organization charged with taking care of soldiers and families in a timely and responsive manner, we did not adequately assess the risk involved, nor did we take effective mitigation measures fast enough to ensure we provided the level of service our families deserve. In this, we let our families down, and we violated our own culture of customer service.

In November of 2014, a month after we initiated the transfer, we became aware of late payments. But it was not until February that we truly understood the magnitude of the problem. We should have had better control measures to act sooner. Since February, we've undertaken a number of steps to improve the backlog in the service. And we've provided additional funding, more staffing, more oversight, improved automation of the application process.

We actually began to see reductions in the backlog. But after the release of the GSA IG management alert report, detailing the PII problems at the end of April, the backlog returned. And in May and June, it continued to grow. We set up a link on our Web site notifying parents and providers who were expecting delays or problems with applications to let us know. And we have directly engaged and resolved hundreds of issues.

Throughout this entire period, we have been working side by side with GSA. Last month, we once again began to see a reduction in backlog as we continue to seek more process improvements. Close supervision and oversight of GSA performance is ongoing. And we will continue to deploy a subject matter expert weekly to ensure that they make progress.

The Army can and will do better. While we continue to work with GSA to reduce the backlog by December, we expect the program to be at a sustainable level. We've learned some valuable lessons throughout this process. We've developed improved metrics, tighter management controls, clearer communication to our soldiers and families, and are in the process of streamlining the entire program. We are also in the process of transitioning the program to a contractor who has demonstrated the capability to handle it.

This issue is personal to me. As a career soldier, one of my greatest stressors throughout my career was finding and keeping reliable childcare every time we moved. I appreciate what our families are facing and am personally committed to fixing the Fee Assistance Program as soon as possible. Thank you again for this invitation. And I look forward to your questions.

Chairman CHAFFETZ. Thank you.

[Prepared statement of Ms. Hoehne follows:]

[For complete submitted testimony, please see the following website: <https://oversight.house.gov/hearing/gsa-army-fee-assistance>]

Chairman CHAFFETZ. Mr. Badorrek, you're now recognized for 5 minutes.

STATEMENT OF GERARD BADORREK

Mr. BADORREK. Thank you. Good morning, Chairman Chaffetz, Mr. Lieu, and members of the committee. My name is Gerard Badorrek. And I am the chief financial officer of the General Services Administration.

Chairman CHAFFETZ. Could you move that microphone just a bit closer? It's not picking up as much as we want it to.

Mr. BADORREK. My name is Gerard Badorrek. And I'm the chief financial officer of the General Services Administration. I have been GSA's chief financial officer since December 29, 2014. Before coming to GSA, I spent nearly 30 years in the private sector at companies such as MCI and Xerox.

As you are aware, GSA has been delivering Army Fee Assistance financial services for more than 10 years. And last year, GSA significantly expanded its role. GSA went from managing the childcare program for 200 Army families to over 9,000 families and from 46 childcare providers to over 6,000. Unfortunately, GSA was not adequately prepared and encountered major challenges at the outset. Simply put, GSA failed in providing the kind of service and level of service that Army families deserve.

GSA shares the committee's concern for the welfare of our military families and understands it is critically important that we improve the operations of this program. That's why on behalf of the GSA's entire leadership team, I want to apologize to the two families represented here today and all of the Army families who have suffered frustrations and financial hardships. Our Army families deserve better. And we are committed to getting this program on the right track.

I would like to thank GSA's Office of the Inspector General for its assistance. We appreciate the inspector general's partnership in evaluating this program and providing recommendations to help us address the significant challenges that GSA has faced in this program. I became aware of the problems with the program shortly after starting at GSA. Due to weak planning and a poor transition from the prior vendor, there was already a large backlog by January 2015.

After my initial assessment, I believed there were three key challenges that we needed to address immediately. Complexity and a lack of clarity in the family application process, an inadequate IT system, and lack of capacity needed to keep up with applications

resulting from serious understaffing and associated productivity challenges.

GSA made changes to our childcare Web site immediately to make the application process clearer and has worked with the Army to streamline and simplify the application payment processes. We've implemented an appropriate IT solution for application processing. And we've worked to address staffing shortages. We've also implemented process changes to improve productivity and are working to make the program more transparent.

Unfortunately, because of the size of the backlog already in place and the time needed to make some of these changes, the turnaround is taking longer to realize than I would have liked. I understand that our overall backlog of actions and their impact on families is truly unacceptable and we have serious work to do. GSA will continue to work diligently to move applicants through the entire process so the families get the service they deserve. We are striving every day to increase the number of phone calls answered, invoices paid, and applications completed, and our efforts to increase staffing are beginning to convey positive results.

GSA has implemented a path forward that addresses our flawed assumptions regarding the resources necessary to handle a program of this size and scope. We will continue to augment and adjust resources as appropriate throughout the program to continue to progress in eliminating backlogged applications. We have developed metrics and bench marks to get us to a steady state by the end of the calendar year. We at GSA—

Mr. LYNCH. Mr. Badorrek, could you move that microphone closer to you? I'm having a really hard time hearing you.

Chairman CHAFFETZ. You can straighten it out and bring it closer. There you go.

Mr. BADORREK. All right. I'm about to end. Do you want me to finish?

Chairman CHAFFETZ. Just keep going where you are.

Mr. BADORREK. Okay. Okay. I understand that our overall backlog of actions and their impact on families is unacceptable and we have serious work to do. GSA will continue to work diligently to move applicants through the entire process so the families get the service they deserve.

We are striving every day to increase the number of phone calls answered, invoices paid, and applications completed. And our efforts to increase staffing are beginning to convey positive results. GSA has implemented a path forward that addresses our flawed assumptions regarding the resources necessary.

We will continue to augment and adjust resources as appropriate throughout the program to continue to progress in eliminating backlogged applications. We have developed metrics and benchmarks to get us to steady state by the end of the calendar year. We at GSA share your dismay at the continued application and payment backlog that has caused hardship for our men and women in uniform and their families.

Again, I want to apologize on behalf of GSA. Army families deserve better. GSA is committed to staying the course of our corrective actions and ensuring this program is put on track. GSA appre-

ciates your interest in and oversight of this important program. And I'll be happy to answer any of your questions.

Chairman CHAFFETZ. Thank you.

Chairman CHAFFETZ. I now recognize myself for 5 minutes. Mr. Badorrek, how many voicemails were destroyed?

Mr. BADORREK. First of all, let me say that voicemails should not be destroyed.

Chairman CHAFFETZ. But they were.

Mr. BADORREK. There were 4,000 reported by the IG. Let me tell you what—

Chairman CHAFFETZ. Okay. So 4,000. How many emails were destroyed?

Mr. BADORREK. I do not know.

Chairman CHAFFETZ. There were thousands of them potentially, correct?

Mr. BADORREK. I believe we have processed, that have all the applications that are there. I do not—

Chairman CHAFFETZ. The IG found that there were emails that were destroyed, simply deleted. Is that your understanding, yes or no?

Mr. BADORREK. I do not believe that any—

Chairman CHAFFETZ. Ms. Ochoa, did they destroy emails? Use your microphone. Move it close. Push the button.

Ms. OCHOA. Yes. The IG found that emails and voicemails were deleted.

Chairman CHAFFETZ. How many emails were destroyed?

Ms. OCHOA. We do not have that number. And I don't know if GSA has the number.

Chairman CHAFFETZ. Mr. Badorrek, do you believe her? Were emails destroyed?

Mr. BADORREK. I do not know if emails were destroyed. They should not have been destroyed if they were. They certainly should not have been destroyed until we had processed the applications.

Chairman CHAFFETZ. We tend to believe the inspector general more than we believe you at this point.

Mr. BADORREK. I understand.

Chairman CHAFFETZ. Do you believe that an email or a voicemail is a Federal record?

Mr. BADORREK. Yes. They should not be destroyed.

Chairman CHAFFETZ. If it is a Federal record, the Federal law requires that the head of the Federal agency to notify the archivist if they are improperly destroyed. Did the GSA notify the archivist that the records were destroyed?

Mr. BADORREK. No. We did not.

Chairman CHAFFETZ. Why not?

Mr. BADORREK. I just learned that the voicemails were destroyed. We have records—

Chairman CHAFFETZ. When did you learn that? When did you learn that?

Mr. BADORREK. I learned it as part of the IG report.

Chairman CHAFFETZ. Which was issued when?

Mr. BADORREK. Issued this week.

Chairman CHAFFETZ. Was it in a previous report? Ms. Ochoa?

Ms. OCHOA. I think the management alert addressed the backlogs and the sensitive information breach and not the deletions and purging of voicemails and emails.

Chairman CHAFFETZ. Ms. Hoehne, how do you rate the Army's oversight of the transition? If you gave it a letter grade, what would you give it?

Ms. HOEHNE. Sir, at this point, I would give it a D.

Chairman CHAFFETZ. So what are you going to do to make it right?

Ms. HOEHNE. Sir, we've put in a number of oversight metrics.

Chairman CHAFFETZ. Okay. Oversight metrics. I'm talking to Captain Dyches and Ms. Hensley here. What are you going to do to make their life right?

Ms. HOEHNE. What we have done so far, sir, is several critical things. We have identified some things we can do quickly to speed up the application process for families and—

Chairman CHAFFETZ. Okay. They already had an application and you failed, you failed to have it processed. I'm talking about the thousands of Army families, men and women, who have got young children, these two women have two 2 year-olds, what are you going to do to make their life right?

Ms. HOEHNE. Sir, we're working to speed up the process—

Chairman CHAFFETZ. That ain't good enough.

Ms. HOEHNE. We are also working to move the entire program back where it belongs.

Chairman CHAFFETZ. Which is where?

Ms. HOEHNE. To a contractor who has experience and knows how to do it.

Chairman CHAFFETZ. I still would love at some point an answer as to what you're going to do to rectify the families who—you've destroyed credit ratings, you've destroyed families. Some people are filing, we heard testimony that they're filing bankruptcy.

Ms. HOEHNE. Yes, sir.

Chairman CHAFFETZ. We'll need to come back to that in greater detail. I still don't understand why Child Care Aware, which could operate with less than 40 people, you throw 184 contractors at it, they still can't get it done. And the answer is well, we're going to pour more people at that problem. It is pretty stunning that we get to that.

We were told by multiple sources that the Army may have invested \$3 million in developing a software used by the previous providers. Is that true?

Ms. HOEHNE. Sir, I don't have—

Mr. CHAFFETZ. How much money did you spend of the software?

Ms. HOEHNE. My understanding is yes, we did invest in providing a software capability for the previous provider.

Chairman CHAFFETZ. How much money was that?

Ms. HOEHNE. Sir, I don't have that answer—

Chairman CHAFFETZ. Was it \$3 million?

Ms. HOEHNE. Sir, I don't know. I'll have to take that for the record.

Chairman CHAFFETZ. And you'll get that back to us?

Ms. HOEHNE. Yes, sir.

Chairman CHAFFETZ. My understanding is that—when did you first—when did you read the—the GSA inspector general issued a report in April of 2015. When did you read that?

Ms. HOEHNE. Sir, I read the initial management report within the week that it was issued.

Chairman CHAFFETZ. You told our, in a bipartisan way, in our staff meeting, during an August 18 briefing, you told the committee staff that you admitted that you didn't read the April 2015 IG report. Is that true?

Ms. HOEHNE. Sir, I misunderstood the question at the time. I realized that was a management alert. I did not realize that they were referring to that as the IG report. I had read the management alert.

Chairman CHAFFETZ. From the inspector general, correct?

Ms. HOEHNE. From the inspector general. However, I was thinking there was a follow-on report that I had not gotten my hands on yet, not realizing—

Chairman CHAFFETZ. So you said that you read it within the week. What did you do?

Ms. HOEHNE. We were already in the process of taking corrective action, sir.

Chairman CHAFFETZ. And what the IG found, correct, Ms. Ochoa, what happened in the meantime? What happened to the backlog?

Ms. OCHOA. The backlog continued to increase while we were evaluating—

Chairman CHAFFETZ. It doubled. It doubled. And you're here to tell us, you have the gall to tell us that you're actually reducing the backlog after it more than doubled? What's the backlog now?

Ms. HOEHNE. Sir, as we measure the backlog, it is 6,000 family actions and 9,100 unpaid invoices to providers.

Chairman CHAFFETZ. And we have at least 4,000 emails or voicemails destroyed and an untold number of emails that were destroyed. I think the seminal question, one of the big questions we have for you, how are you going to make Captain Dyches' life and Ms. Hensley's life and the thousands of other Army families, what are you going to do to make them whole?

Ms. HOEHNE. Sir, one of the things that we've done is alerted Army Emergency Relief. And they are mobilizing to provide financial assistance to families that are being adversely affected by this situation.

Chairman CHAFFETZ. If you're affected by this, when do you expect to hear from them?

Ms. HOEHNE. They have put out the alert to all of the installations, their offices at all of the installations. And we are putting the word out through the chain of command, as well as posting on our Web site that families that are suffering financially as a result of this situation are eligible for help from Army Emergency Relief.

Chairman CHAFFETZ. Captain Dyches, Ms. Hensley, what have you heard from the United States Army?

Ms. DYCHES. Sir, I have not gotten that notification from that channel. My own command offered that to me when they learned of our issues and offered emergency, Army Emergency Relief to us. However, it seems like borrowing money that should already be there. Because you do have to pay that back. It's you know, it's a

short-term loan. So other soldiers who might be in more need might need that money instead of us.

Chairman CHAFFETZ. Ms. Hensley, what has the Army done to help you?

Ms. HENSLEY. The same as Captain Dyches over here. We never got any of that. His commander said that they could help us. But, once again, you borrow money, you're still going to have to pay that back so.

Chairman CHAFFETZ. Thank you. My time has expired. I'll now recognize Mr. Lieu for 5 minutes.

Mr. LIEU. Thank you, Mr. Chair. According to the Army Fee Assistance Family Handbook, this childcare program is designed to provide, "soldiers and families childcare services and a quality of life that are commensurate with their service and sacrifice." I think we can all agree that the level of service provided by the Army and GSA has fallen far short of that standard.

Ms. Ochoa, according to your April report, the GSA had accumulated by January 2015 a significant backlog of over 11,500 childcare subsidy actionable items awaiting processing. That number included unanswered phone calls and emails, unprocessed applications. But it didn't include unpaid invoices, correct?

Ms. OCHOA. At the time, GSA was not keeping track of the unpaid invoices or keeping account of them and they did not inform us that they had unpaid invoices.

Mr. LIEU. When you add in the unpaid invoices, your report found that, as of July 31, the number was more than 9,100 unpaid invoices, in addition to the thousands of other childcare actions not taken, correct?

Ms. OCHOA. Correct.

Mr. LIEU. Mr. Badorrek, would you agree that those levels are not acceptable?

Mr. BADORREK. Absolutely. They are unacceptable.

Mr. LIEU. Now—

Mr. BADORREK. Yes, they are not acceptable.

Mr. LIEU. Okay. Thank you. Now, Ms. Ochoa, you also note in your report that even though GSA took all these actions between January and July, the backlog actually continued to grow. And that by July 31, had more than doubled from its level in January to nearly 26,000 unprocessed actions, is that correct?

Ms. OCHOA. That's correct.

Mr. LIEU. Okay. So, Ms. Hoehne, I do commend you for your military service and your lengthy Federal service. You state in your statement that you have confidence that you can get this program basically back on track by the end of this year. What gives you that confidence? If the backlog has actually continued to grow, why do you have any confidence at all in what GSA has done or can do?

Ms. HOEHNE. Sir, two things, two things generate a certain level of confidence. One is that GSA has successfully identified with accuracy the number of actions required. They have identified what they are capable of doing. It is after an assessment of this that we determined to initiate a bridge contract to take the pressure of new actions off of GSA and let them focus exclusively on working the backlog and then do a deliberate transition of actions over to a new contract.

Mr. LIEU. Thank you. Ms. Ochoa, in your report, you state that GSA should establish a plan with performance indicators, benchmarks, and implementation strategies. I thank you for that recommendation.

And, Mr. Badorrek, will your office commit today to providing the committee a plan consistent with the recommendations in the IG's later report to this committee within a week?

Mr. BADORREK. Yes. We will.

Mr. LIEU. And, Ms. Hoehne, will your office commit to working with the GSA to get us that written action plan also within a week?

Ms. HOEHNE. Yes, sir.

Mr. LIEU. Now, let me ask you this question, why doesn't the Army just switch back to CCA? It was totally fine. It's working for the other services. Why don't you just do that?

Ms. HOEHNE. Sir, honestly, the backlog is in such a state of disrepair at this point that I don't think a contractor would be willing to take it on. In addition, we have been talking with Child Care Aware and they need time to put the staff in place to be able to do it right and——

Mr. LIEU. What about simply just paying 50 percent of all of these invoices, just so the Army and military families have something to rely on, and then do the rest later? Why can't we just do that?

Ms. HOEHNE. Sir, what we have done to speed up the payment of invoices, we found that a large part of the delay was due to a discrepancy between the invoiced amount and what GSA had in their records as what the provider was supposed to be paid. This could be due to a child aging up into a different category. It could be due to numbers being transposed on an invoice. We have directed them to pay the invoice.

Mr. LIEU. Thank you. I just want you to consider making some partial payments immediately.

Ms. HOEHNE. We have essentially directed them to go ahead and pay the invoice and we will work out the discrepancies. Because the discrepancies, there's a small amount of money, it's important to not reach into the family's pocket the way that they have had.

Mr. LIEU. Thank you. Mr. Badorrek, has anyone at GSA been disciplined for deleting emails and voicemails?

Mr. BADORREK. No one has been disciplined.

Mr. LIEU. Can you push the button and say that again?

Mr. BADORREK. No one has been disciplined.

Mr. LIEU. Okay. Can GSA look at disciplining people for deleting voicemails and emails?

Mr. BADORREK. Yes. We will look at that. For the record I would like to——

Mr. LIEU. And those voicemails and emails may have contained whistleblower information or information about fraud, waste, and abuse, and you wouldn't know that, correct?

Mr. BADORREK. I would not know that.

Mr. LIEU. Okay. And my final question, Ms. Hoehne, has anyone been disciplined at Army Installation Management Command for this fiasco?

Ms. HOEHNE. No, sir.

Mr. LIEU. Could you look into that?

Ms. HOEHNE. Yes, sir. We will look for culpability.

Mr. LIEU. Thank you.

Chairman CHAFFETZ. I'll now recognize the gentleman from Florida, Mr. Mica, for 5 minutes.

Mr. MICA. Well, as I complete my more than two decades' service on this panel, every time you attend, you say it just can't get any worse, that agencies really can't screw things up in a manner that could be more devastating.

Sounds like thousands of military families have been left in chaos for their childcare. Is that pretty much the situation? Our two service women, you're left in chaos?

Ms. HENSLEY. Yes.

Mr. MICA. Ma'am?

Ms. DYCHES. Yes.

Mr. MICA. Okay. First of all, I disagree with my colleague. I respect him. But I don't think we should pay 50 percent of the bills. I think you should pay the damn bills, pay the 9,000 invoices. And that can be done. I'll send my staff down there to help you do it if you can't do it. And you can't come here and testify and tell us that you can't find a contractor that can pay the bills. That's baloney.

Is there any problem with them not having contract authority to do this? Our inspector general, do they have contract authority to pay the bills? If you pay a bill and it is a bill that is fraudulent or not proper, aren't there means to recover that money?

Ms. HOEHNE. Yes, sir.

Mr. MICA. Isn't it a crime if you defraud the United States Government?

Ms. HOEHNE. Yes, sir.

Mr. MICA. Okay. Pay the bill. This is shameful. What a nightmare for our military families.

Again, thank you, Mr. Chairman, for, you know, this isn't the Iran deal. This isn't Watergate. It isn't an IRS scandal. But this is a horrible scandal for our military families. The administrative costs, you're up to 10,000 people, the administrative costs are about \$840 I figure, it's \$8.4 million for administration, is that right?

Ms. HOEHNE. Yes, sir, at this point.

Mr. MICA. Approximately.

Ms. HOEHNE. Yes, sir.

Mr. MICA. Yeah. And you can't find somebody who can process this? First of all, I think you need to go back and just do a chart, what you're entitled to. If you've got kids and you're in the military and you put them in daycare, if it's on base or off base, here's the chart, here's your rank, here's what you get, and get out of the billing system and all this paperwork. You've created a monster, GSA.

My own report here is you didn't know about this just last year. It says Army and GSA began internal discussions in 2011. You knew this was coming. You weren't there, but they knew this was coming. Is that correct?

Mr. BADORREK. Yes. They knew it was coming.

Mr. MICA. Okay. And you couldn't get it right? You couldn't get it right? Again, you can't find a contractor? Who in GSA is responsible for this program? What person is responsible?

Mr. BADORREK. I am responsible for the program.

Mr. MICA. You're responsible?

Mr. BADORREK. Yes.

Mr. MICA. You've been responsible during the period of the chaos?

Mr. BADORREK. No. I have not been responsible for the transition——

Mr. MICA. Okay. Have you been rewarded? Have you gotten a bonus the last year?

Mr. BADORREK. No. I've only been with the Federal Government since January——

Mr. MICA. Okay. And who is working with you? I want a list of the GSA people working on this. I found in the past they end up getting bonuses. They do lousy work and they get bonuses. I want you to submit within the required days to this committee who is working on it specifically, what their pay scale is, and if they got a bonus during this period. Can you do that?

Mr. BADORREK. I can do that.

Mr. MICA. And who is in charge——

Chairman CHAFFETZ. When is a reasonable date to have that?

Mr. MICA. I want it within 30 days or I'll ask for your resignation. I want it within 30 days. You give me a list and I want a list of the people who have, their pay, and if they've gotten any bonuses if they've been involved in this program.

I believe that we should look at maybe going to a direct grant, we need to solve this, something through pay or scale that should be set up. This is a nightmare, paperwork, bureaucracy, and contractors, millions of dollars more that we've spent. And we have only 10,000 families in this program, is that correct? Am I wrong.

Mr. BADORREK. Yes.

Ms. HOEHNE. Yes, sir——

Mr. MICA. Ten thousand, and you can't find a vendor that can handle 10,000 applications and make payments to vendors? There's now 5,000 vendors I understand that are eligible, is that correct? Approximately? Anybody know? Do you know?

Ms. HOEHNE. Yes, sir. Yes, sir.

Mr. MICA. I'm just asking. Again, I have never seen anything so screwed up and intended to do well for our military, transferred to GSA with plenty of notice, and then this results. This is, Mr. Chairman and my fellow members, this is shameful. I yield back.

Chairman CHAFFETZ. Thank the gentleman.

Now recognize the gentleman from Massachusetts, Mr. Lynch, for 5 minutes.

Mr. LYNCH. Thank you, Mr. Chairman. And I agree with the previous speaker. This is shameful that this has happened.

First of all, I want to thank you all for testifying. Thank you for coming before this committee to straighten out this problem. I want to thank you for your service to our country.

And, Ms. Hensley, your family's service to our country. You would think that based on the importance of the decision that your families have made, Captain Dyches, and, Ms. Hensley, that to put on that uniform on behalf of this country, that we would meet our obligations to make sure that your families have the support in

order to allow you to undertake that serious obligation. And it is nothing short of infuriating that you had to go through this.

Let me just try to get at the problem. Ms. Ochoa, you said in your testimony that this transfer of responsibility from the previous company, CCA, Child Care Aware, they had the contract previously for child care?

Ms. OCHOA. Yes. That's my understanding.

Mr. LYNCH. Okay. Now, this move to give it to—give the responsibility now to GSA was done as a cost-saving measure. Is that correct?

Ms. HOEHNE. Yes, sir.

Mr. LYNCH. Ms. Hoehne, it might have been you that said that. I'm sorry.

Ms. HOEHNE. Yes, sir.

Mr. LYNCH. So as I understand, GSA said they could do that job for half the money. Is that right? It was \$8 million and they said: We can do it for \$4 million?

Ms. HOEHNE. Yes, sir.

Mr. LYNCH. How's that worked out?

Ms. HOEHNE. We were aware at the time that there was a fairly significant amount of indirect cost in the contract.

Mr. LYNCH. Yeah.

Ms. HOEHNE. And that cost was not being charged with GSA.

Mr. LYNCH. I understand that. But could you tell me how that's worked out?

Ms. HOEHNE. Sir, it hasn't worked out.

Mr. LYNCH. It has not worked out. That's what I'm getting at. Okay. So they said they were going to do it for \$4 million, what has it cost them so far?

Ms. HOEHNE. Right now we're at \$8.4 million total.

Mr. LYNCH. So they didn't save money, it actually cost \$400,000 more—

Ms. HOEHNE. Yes, sir.

Mr. LYNCH. —than the previous contractor.

Captain, Dyches, Ms. Hensley, did you have any contact with this CCA? Were your kids in that program?

Ms. DYCHES. Yes. Yes, Mr. Congressman. I absolutely did. It was operating smoothly and everything was—

Mr. LYNCH. Was it? Yeah, tell me about that. How did they handle the responsibilities that they had to your kids and your family?

Ms. DYCHES. We all had one person that we answered to. So there was one individual taking care of a number of families. So I only had one number to call. That woman took care of not only placing my child into a child care because it's rather difficult to find in the—you know, the district where the people that actually meet the requirements are located. So she gave me lists of people in, you know, various areas on my way to work, you know, that were convenient to me and my husband. She walked—she held our hand through the entire process.

And then we actually had to switch child care providers because the one that I was using was—ended up to be far away. We were new to the area. So whenever we needed to switch over, that was when I was informed that they no longer had that services. You know, they couldn't help us, and so I was just kind of left on my

own to find these people. And I luckily did find a woman that has been, you know, very, very great for our family, a really good fit. But that service is no longer there, and, you know, starting in October it went downhill.

Mr. LYNCH. Okay. Ms. Hensley, have you had—did you have dealings with Child Care Aware, the previous contractor—

Ms. HENSLEY. So, our story's a little bit unique. We were—at the time when we had NACCRRA, we were about 2 days away from getting the documents pulled through stating that, you know, you're going to get your—you know, everything's going to be fine. We actually never got any emails or anything stating that the switch was going to occur.

Mr. LYNCH. Yeah. I—okay. Go ahead. I'm sorry.

Ms. HENSLEY. So overnight when we went back on to the NACCRRA Web site to finish filling out the paperwork and stuff, they said that it was no longer there.

Mr. LYNCH. Okay.

Ms. HENSLEY. So at that point we had to start from scratch all over again. So—

Mr. LYNCH. Okay. All right. I get it.

Ms. Ochoa, wouldn't it make sense if this other company, Child Care Aware—and, by the way, you explained that GSA was handling 200 families, and then we gave them responsibility—and those 200 families were in Federal centers, which is much more manageable.

Ms. OCHOA. That's correct.

Mr. LYNCH. And then we turn around and give them 9,000 families and 5,000 individual providers to deal with. And basically, Ms. Hoehne, and Ms. Ochoa, you both testified that things when right downhill immediately after that. The list started getting longer and we had all kinds of problems.

Wouldn't it make sense, I mean, the other company was doing it well, doing it cheaper, actually doing the job on behalf of Captain Dyches' and Ms. Hensley's families and others, wouldn't it make sense just if it's not—I mean, what—it didn't accomplish the savings. We're paying more for worse services.

Wouldn't it make sense to go back to this—and I'm not—you know, I'm not advocating on behalf of CCA, this Child Care Aware program necessarily. They're not in my district. I don't have any interest in them. But, by God, they were doing the job. Why did we remove them?

Ms. HOEHNE. Sir, at the time there was an opportunity to save money we thought—

Mr. LYNCH. Yeah.

Ms. HOEHNE. —and it seemed like a logical course of action. We have recognized the error of our ways and we are going back to a contractor who has experience and can provide the quality of service our families deserve.

Mr. LYNCH. All right. I've gone over my time. Mr. Chairman, I thank you for the indulgence.

Chairman CHAFFETZ. Will the gentleman before that? Is that going to be a competitive bid or a sole source contract?

Ms. HOEHNE. Sir, initially for this bridge we're going to do a sole source.

Chairman CHAFFETZ. Sounds like you've already made the decision. Do you know who it is? Do you know who it is?

Ms. HOEHNE. Yes, sir.

Chairman CHAFFETZ. Who is it going to be?

Ms. HOEHNE. Child Care Aware.

Chairman CHAFFETZ. So you're going to go back to Child Care Aware.

Ms. HOEHNE. Yes, sir.

Chairman CHAFFETZ. If you can provide the details of that, we would be very appreciative.

Ms. HOEHNE. Yes, sir. We're still working it out. We haven't—they have to get their staff on board and then we'll be in a position to let the contract, sir.

Chairman CHAFFETZ. Thank you.

Mr. LYNCH. Thank you, Mr. Chairman.

Chairman CHAFFETZ. Thank the gentleman.

I now recognize the gentleman from Georgia, Mr. Hice, for 5 minutes.

Mr. HICE. Thank you, Mr. Chairman.

Ms. Hoehne, I want to go back to what you were just now talking about because it seems like we may be finally on a path to correcting all of this. So you said you're going back to Child Care Aware?

Ms. HOEHNE. Yes, sir.

Mr. HICE. Okay. When will that be made public and when will Captain Dyches and the Hensley family and others be aware that relief is on the way?

Ms. HOEHNE. Sir, we're in conversation right now. They are beginning to pull staff in so that they will be in a position to take over the contract.

Mr. HICE. In conversation with who?

Ms. HOEHNE. Yes, sir.

Mr. HICE. With who?

Ms. HOEHNE. With Child Care Aware.

Mr. HICE. Okay.

Ms. HOEHNE. We've learned a lot of lessons in this, and this is going to be a very deliberate event. So it will be a transition where they initially take on some responsibility. And then also, if I may, I will take that question for the record and give you our timeline.

Mr. HICE. Yeah. I want timeframes. We've got families that are suffering. We need to know when is this transition going to be completed, what are the benchmarks that you're relying upon in order to meet the transition and the timeframes so that we don't have further bankruptcies and families suffering. It's inexcusable what's taking place.

Now you said just a little while ago that no other contractor would take this scenario on right now because it's in such disrepair, and yet CCA is going to take it back. Has that been agreed to?

Ms. HOEHNE. Yes, sir. They are agreeing to help us. They are agreeing to a transition, but they are not taking the whole contract on all at once. They're—

Mr. HICE. All right. So what is the plan? What part of the contract are they taking, and what's going to happen to those families that are not part of the immediate contract?

Ms. HOEHNE. GSA is still being held accountable for fixing the backlog and taking care of families as quickly as possible. At the same time we will start—

Mr. HICE. That does not sound possible, Mr. Badorrek. This thing has been messed up from the get-go and now all of a sudden you're supposed to correct this during a transition while it's going back to CCA. That doesn't sound like it's a possible task. You guys have messed this thing up pretty thoroughly.

Mr. BADORREK. The—

Mr. HICE. Turn your mic on, please.

Mr. BADORREK. Okay. The move to this contractor for incoming applications will help us to get through the backlog. As we have worked through the backlog, we have more work coming in. We have 24,000 transactions coming in a month. That will relieve the pressure and give us a higher likelihood of success.

Mr. HICE. All right. How long is this transition going to take? This still sounds like we've got a mess. We've got so-called a solution on the table. But this sounds to me like it's still going to take forever to get corrected.

Ms. HOEHNE. Sir, we're in the process of signing an extension agreement with GSA to December to get the backlog under control.

Mr. HICE. Through December, you said?

Ms. HOEHNE. Yes, sir. Ideal circumstances with not having to handle the new transactions and being able to focus exclusively on the backlog, that enables them to double the volume of actions that they could handle. Working the backlog, they should be at a sustainable rate by December.

However, in consultation with Child Care Aware, we are going to continually assess their ability to take on more responsibility, and if they can take on more sooner, we will accelerate the transition.

Mr. HICE. "Sooner" being what?

Ms. HOEHNE. Sir, I can't answer that question yet because we're at the leading edge of the consultation with what they can do as they bring their staff on. The concept is—

Mr. HICE. Do they not already have staff?

Ms. HOEHNE. —initially take the new actions and take the recertifications because that's a constant state thing, while they work the backlog on paying providers. Then we can coordinate payment of payment to providers of delayed invoices.

Mr. HICE. All right. I understand you're in conversation with Child Care Aware. All right. So I'm not looking right now for specifics. I want those specifics as soon as possible.

Ms. HOEHNE. Yes, sir.

Mr. HICE. But generally, what kind of timeframe are we looking at? We have families out here suffering. We don't need to drag this thing out for months and months and months and months. Generally speaking, what kind of timeframe are you anticipating?

Ms. HOEHNE. Sir, I am shooting for having this contract fully transitioned to Child Care Aware by the end of December.

Mr. HICE. By the end of—so a year from now?

Ms. HOEHNE. No, sir. By the end of this December.

Mr. HICE. Oh. All right. I thought you said summer. So what does January look like for these families?

Ms. HOEHNE. If things go as planned, then they will be under Child Care Aware, and they will be back to receiving the level of service that they deserve.

Mr. HICE. How many families will be under Child Care Aware?

Ms. HOEHNE. Sir, we have approximately—

Mr. HICE. I mean, percentage-wise.

Ms. HOEHNE. —9,800 families in the program, and 9,800 families will be taken care of the way they ought to be taken care of.

Mr. HICE. All right. So you are anticipating that come January, this whole problem is going to be resolved.

Ms. HOEHNE. That's my objective, sir.

Mr. HICE. Okay. That the whole problem will be resolved by January. That's your objective.

Ms. HOEHNE. Yes, sir.

Mr. HICE. Okay. So GSA is going to be out of this equation entirely, and CCA will be 100 percent in control by your objective—

Ms. HOEHNE. Yes, sir.

Mr. HICE. —by January?

Ms. HOEHNE. Yes, sir.

Mr. HICE. Okay. Ms. Ochoa, do you have any recommendations at this point that you would lay on the table to make this transition happen smoothly?

Ms. OCHOA. One of the things we did recommend to the—

Mr. HICE. Can't hear you.

Ms. OCHOA. One of the things that we did recommend in the report is that in the event of a transfer of the program, which it sounds like is in the works, GSA and the Army and the transferee have to work closely to avoid any further disruption to Army families. That's—

Mr. HICE. Yeah, that sounds good, but that's got to happen. We have families suffering, and this has got to stop immediately. And I look forward to getting your response on the specifics of the timeline and the benchmarks, and I appreciate that.

And I yield back, Mr. Chairman. Thank you.

Chairman CHAFFETZ. Thank the gentleman.

We'll go ahead and schedule a notice of hearing for January 2, sounds like. So we look forward to seeing you back.

I now recognize the gentleman from Virginia, Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman.

And congratulations to the U.S. Army and GSA for bringing Democrats and Republicans together here in the Congress.

You know, listening to the story, our U.S. Army does such a wonderful job. It runs overseas bases. It runs big bases like Fort Belvoir in my district here at home. Millions of people processed. We fight wars. We deploy troops. We engage in peace-keeping missions. We run commissaries. But child care is beyond us. And, relatively speaking, the numbers are small compared to the other missions and tasks the Army and GSA face. And it passes understanding how we could have arrived at this point.

Nobody obviously intended to do harm to the program, but decisions were made that had consequences. Consequences on real peo-

ple. You're a parent, and you have to work, there is nothing more sacred than the care of your child. And when you entrust any entity, an individual caregiver or an institutional caregiver, your child, we in the public sector have a sacred obligation to do the very best we can for that child and that family.

Ms. HOEHNE, what in the world possessed us to decide to change a program that was working and go with GSA? Why did we decide that?

Ms. HOEHNE. Sir, according to the documentation.

Mr. CONNOLLY. I'm going to ask everyone to speak into the mic like I'm doing. Because it's hard to hear you sometimes. Thank you.

Ms. HOEHNE. Yes, sir. According to the documentation at the time the decision was made back in August of 2013, fiscal pressures were causing the Army to look everywhere for ways to gain efficiencies and save money.

Mr. CONNOLLY. You though you'd save money.

Ms. HOEHNE. Yes, sir.

Mr. CONNOLLY. How'd that work out for us?

Ms. HOEHNE. Not so good?

Mr. CONNOLLY. How come?

Ms. HOEHNE. We did not do our due diligence in inspecting the capability of GSA to take on an expansion of the program. We did not communicate effectively with each other. GSA didn't let us know they weren't ready. We didn't go in and check and make sure they were ready. And that put us on our back foot at the outside of the program.

Mr. CONNOLLY. Mr. Badorrek, so they didn't do their due diligence, but GSA made a representation to the Army that it was capable of undertaking this task. Is that correct?

Mr. BADORREK. That is correct.

Mr. CONNOLLY. Speak in.

Mr. BADORREK. Yes. That is correct.

Mr. CONNOLLY. And you got it wrong too.

Mr. BADORREK. GSA got it wrong, yes, absolutely.

Mr. CONNOLLY. How did that happen?

Mr. BADORREK. GSA got it wrong.

Mr. CONNOLLY. Again, I'm going to ask you to speak into the mic. I can't hear you.

Mr. BADORREK. Okay. GSA underestimated the level of effort. They looked at the level of effort it was taking to support child care and families with the Federal day care centers. They underestimated the effort it would take to support 6,000 providers. They underestimated the system needs and complexity and the \$4 million that we agreed to do with the Army was too low.

Mr. CONNOLLY. I'm focused on the backlog. I think I'm correct that there's a backlog or was a backlog of about 9,000. Is that correct?

Mr. BADORREK. The backlog of invoices or the backlog—

Mr. CONNOLLY. Of invoices.

Mr. BADORREK. Yes, there's about 8,000—

Mr. CONNOLLY. Eight-thousand. What's the average invoice for?

Mr. BADORREK. Average invoice is a little over \$300.

Mr. CONNOLLY. Three hundred dollars. Is that the average monthly cost to put a child in child care in the program?

Mr. BADORREK. It's per child, yes.

Mr. CONNOLLY. Per child. Per month.

Mr. BADORREK. Yes.

Mr. CONNOLLY. Per month. So, I don't know. What's the salary, do you think, of the average client in the program? Monthly salary that the U.S. Army pays?

Mr. BADORREK. I have no—

Mr. CONNOLLY. Ms. Dyches, can you give us a round ballpark figure? I mean, not necessarily yourself, but people you know.

Ms. DYCHES. Ballpark figure, Mr. Congressman?

Mr. CONNOLLY. Yeah. Are they making \$30,000 a month.

Ms. DYCHES. No.

Mr. CONNOLLY. No, no. What are they making?

Ms. DYCHES. Probably like two to three grand, sir.

Mr. CONNOLLY. Two to three thousand?

Ms. DYCHES. Yes, sir.

Mr. CONNOLLY. So if I've got a—if I haven't been reimbursed for my \$300 monthly childcare, and maybe I have two kids, so my cost is more than \$300, from a cash flow point of view for an active duty service member, that's a hardship.

Ms. DYCHES. Yes. Definitely.

Mr. CONNOLLY. Is GSA aware of the urgency of the need to reimburse men and women in uniform for their childcare?

Mr. BADORREK. Yes, we are.

Mr. CONNOLLY. So how in the world did you end up with a backlog of at least 8,000?

Mr. BADORREK. We receive—

Mr. CONNOLLY. Not enough people working at GSA?

Mr. BADORREK. We receive 12,000 invoices a month. We have about 35 percent that error out for some kind of—

Mr. CONNOLLY. I still can't hear you, Mr. Badorrek.

Mr. BADORREK. We receive 12,000 invoices a month. We have roughly 30 percent, 35 percent that error out. I believe we are too stringent in ensuring that the amounts were precise. We have fixed that going forward.

Mr. CONNOLLY. Well, it's commendable—it's obviously commendable to verify so that we're not wasting taxpayer dollars. But it's also critical that the families we're trying to serve are served in a timely fashion so that they're not experiencing a cash flow squeeze.

And one would think that would be a priority, both for the Army and for GSA. But we're not talking about people who are, you know, getting rich like Donald Trump in service to their country. These are men and women who are making sacrifices for their country at kind of modest compensation but who nonetheless have family obligations that need to be met, and it seems to me that in that sacred obligation we've got to kids, to men and women in the uniform, we also have part of that, by extension is, can they be reimbursed in a timely and efficient manner. Would you not agree, Mr. Badorrek?

Mr. BADORREK. I agree.

Mr. CONNOLLY. Thank you, Mr. Chairman.

The CHAIRMAN. Thank the gentleman.

I now recognize the gentleman from Iowa, Mr. Blum, for 5 minutes.

Mr. BLUM. Thank you, Mr. Chairman. Thank you so much for holding this most important hearing. And I'd also like to welcome the panel. And for those of you that have served in the military or are currently serving in the military, thank you for your service to this great Nation of ours. Much appreciated.

Mr. Badorrek, you're a former executive vice president of Xerox. Is that correct?

Mr. BADORREK. Senior vice president, yes.

Mr. BLUM. And you also have executive experience at, I believe, Verizon and MCI?

Mr. BADORREK. Yes.

Mr. BLUM. First of all, I'd like to say I'm glad you're here. I'm a private sector myself, and I think we need more private sector experience in the Federal Government, not less.

That being said, I'd like to ask you a few questions.

Did Xerox and did Verizon, did MCI take care of their customers?

Mr. BADORREK. Yes, they I did.

Mr. BLUM. I'd like to ask you, who is the customer of the GSA?

Mr. BADORREK. The customer is the Army families.

Mr. BLUM. Could you say it once again?

Mr. BADORREK. The Army families are the customers.

Mr. BLUM. Do you think most people in the GSA understand that? Do they understand who the customer is in this situation?

Mr. BADORREK. I believe so, but I don't know absolutely know.

Mr. BLUM. Mr. Badorrek, what would happen if Xerox or Verizon, in the private sector, did not take care of their customers? What would happen? What would happen to the company and what would happen to the executives?

Mr. BADORREK. First, they would take action quickly to remedy the problem.

Mr. BLUM. And what would happen if they didn't? What if they didn't take action quickly to take care of the customers? What would happen? What would happen to Xerox?

Mr. BADORREK. If Xerox—

Mr. BLUM. Yeah. You're a former senior vice president there. Correct?

Mr. BADORREK. Yes.

Mr. BLUM. You had a division that was not taking care of their customers, what would you do?

Mr. BADORREK. Yeah. There would be focus. It would get fixed, whether it was resources or the company did lose money, they would get things in place to make the situation right.

Mr. BLUM. And what would happen to the management?

Mr. BADORREK. The management—

Mr. BLUM. Would they keep their jobs or they'd get bonuses? Would they be terminated? What would happen?

Mr. BADORREK. If it was not working, they would certainly not get bonuses. They would be required to fix the problem as soon as they could. They could lose their job.

Mr. BLUM. As a private sector person, Mr. Badorrek, what I'm concerned about in the Federal Government is there's no penalty for failure in Washington, D.C. No penalty for failure. And you're

a private sector guy. There is penalty for failure, would you agree, in the private sector?

Mr. BADORREK. There is penalty for failure. In the private sector, you can move much faster than in the government.

Mr. BLUM. Why is that?

Mr. BADORREK. In the private sector, if you need to have additional contractors in a call center, you can do that in a week. In the public sector, you have to go obtain, get additional funding, sign the contract, obtain a vendor contract. They have to procure people. They have to go through security clearance. The ability to move and make changes in the government, for me, just coming out of the private sector, it's taken longer than I'm used to.

Mr. BLUM. In your opinion, Mr. Badorrek, would the Federal Government be more effective and more responsive to our clients if we implemented some of these private sector practices? Just your opinion.

Mr. BADORREK. Yes.

Mr. BLUM. It says in your testimony you were made aware of a problem, this problem, on January 7 of 2015.

Mr. BADORREK. Yes.

Mr. BLUM. What happened since then? You tell me how you used your private sector experience to make sure this problem got quickly resolved, as you just said it would be at Xerox?

Mr. BADORREK. First of all, the problem is not resolved. The backlog's unacceptable. I apologize for that. GSA apologizes for that. I can tell you what I did and some of the struggles that we encountered. We received—I received a letter from a family on January 7 expressing concern about the operation and their application. I asked for some background information on it. On the 19th of January, I flew to Kansas City to look at the operation. On that day I put additional focus and management on the project. Two weeks later I changed the oversight of the organization, and we went to the Army for additional funding.

Mr. BLUM. Okay. We're 8 months later. Correct? The problem's not taken care of. If this was Xerox, if this was Verizon, would this problem have been taken care of by now?

Mr. BADORREK. I believe so.

Mr. BLUM. Okay. Things need to change. Would you agree?

Mr. BADORREK. Yes.

Mr. BLUM. I just want your honest opinion. Your honest opinion on this next question. Give me your observations as a private sector executive on the culture of the GSA. Is it a customer-driven organization?

Mr. BADORREK. Yes. It is.

Mr. BLUM. All evidence to the contrary in this situation, would you agree?

Mr. BADORREK. In this situation, following the government requirements to obtain the funding, to get the contract with the vendor, to procure individuals to go through the clearance process all took longer than I would have ever expected and have ever experienced before.

Mr. BLUM. And my time is expired. I'd just like to end by saying I'm glad you're here, I'm glad you have private sector experience.

And please work hard to change this to a more customer-driven government. Thank you very much.

I yield back, Mr. Chairman.

Chairman CHAFFETZ. I thank the gentleman from Iowa.

I now recognize Ms. Norton from the District of Columbia for 5 minutes.

Ms. NORTON. Thank you, Mr. Chairman.

Actually, Mr. Badorrek, I like the idea of the government competing with the private sector for work, and we have encouraged that in the government.

And this case, Ms. Hoehne, I certainly understand it. In the face of the sequester and the cuts that preceded it, I'm sure that there are agencies all over the government now competing for work with the private sector. The difference of course is that here we were dealing with children and with members of the Armed Forces, where there's very special obligation when either the private sector or the government does the work.

First let me ask about the 200 that GSA had. Do they still have 200 Army families under—where they're doing the work for—

Mr. BADORREK. Yes. Yes, we kept the 200 and added the roughly 9,000. That number is about 10,000 families now.

Ms. NORTON. And you retained—are you going to retain the 200 afterwards, or are you going to give that work to the CCA?

Mr. BADORREK. That's up to the Army to decide.

Ms. NORTON. Has the Army decided that issue?

Ms. HOEHNE. No, ma'am, not at this point.

Ms. NORTON. I think you said, Ms. Hoehne, that no contractor would take this with this backlog. Does that mean that the backlog has got to be taken care of before the work is given to the new contractor?

Ms. HOEHNE. Ma'am, we have to get the backlog to a sustainable level.

Ms. NORTON. So you're not going to give them the backlog. You're going to give them a clean slate?

Ms. HOEHNE. I'm going to transition it gradually in manageable bites so that the new contractor is not overwhelmed and we don't make a bad problem worse.

Ms. NORTON. That's certainly a good idea. But what happened was all of these—all of these families that they had—they had 200 families, presto they had 9,000, and there was no phasing in of that work. So it would have been better to phase in that work no matter who the contractor was, whether it was GSA or any other contractor.

I understand that this matter was not rectified until it came to the attention of the public through an NBC4 investigation here in the District of Columbia. Is that true?

Ms. DYCHES. Yes, Congresswoman.

Ms. NORTON. So it was uncovered by the press?

Ms. DYCHES. Yes, Congresswoman.

Ms. NORTON. Mr. Badorrek?

Mr. BADORREK. Yes. GSA reported the problem to the IG—

Ms. NORTON. After or before—

Mr. BADORREK. In February of this year. When I came on board on January, visited the operation, I knew we had a problem that was disclosed to the IG. We asked them to——

Ms. NORTON. I'm just trying to get the dates here. I mean, you disclosed it——

Mr. BADORREK. Yes, in February.

Ms. NORTON. So did you speak to the reporters from NBC4 who made this a public matter about what GSA was going to do about it, or did anyone at GSA say what it was going to do about it at the time that it became a public matter?

Mr. BADORREK. I did not speak to them. Our public relations organization did.

Ms. NORTON. I'd like to ask you, Ms. Dyches, it sounds to me that essentially without the subsidy you would be out of pocket—or what did these families do? Did they somehow quickly get somebody else to take care of a child? Have they lost money? And can you calculate the amount of money you would have—you have lost if you have lost any?

I mean, perhaps somebody had a relative, happened to have a relative in this area. I don't know. But I'd like to know whether you are out of pocket as a result of not getting the subsidy.

Ms. DYCHES. Yes, Congressman. We were out of pocket upwards of \$2,000 to \$3,000 at one point. We have been—once the News Channel 4 took over the issue and made it public, we were paid the very next day. Our childcare provider was.

But, yes, if you don't have family in the area to help you out with this, and, like I said, my husband and I are a dual military couple, child care is a requirement. We can't just not go to work. So—and also most military families are dislocated from their family, their main—you know, their mothers, their fathers. They have been relocated. So that is also not an option for most military families to rely on mother-in-laws.

Ms. NORTON. What was GSA's track record with 200 families? And was any investigation done of that? I mean, we've—before you get to triple your caseload, surely someone looked to see what GSA had already done with 200 families committed to its care.

Ms. HOEHNE. Ma'am, the Army had had a 10-year relationship with GSA supporting the 200 families with no problems. So we had a good relationship with them as far as——

Ms. NORTON. So the problem was with the scale and of course with the anxiety GSA and other agencies are feeling to cut costs.

So while I think it's inexcusable that these families were left in this way, I do think that for the government, for we who are in the government who are responsible for the sequester, who are responsible for the cuts, to sit up here and act as though GSA had all kinds of options and they just didn't take the right one is not entirely fair. That's why I wanted to bring that out.

I go back to my premise, though. We are dealing with, as far as I'm concerned, the most precious people in our society. The children would come first. Second would come their parents. Because these are all volunteers taking care of us in the United States.

Thank you.

Chairman CHAFFETZ. Thank the gentlewoman.

And before I recognize our next two Members of Congress, in addition to Mr. Lieu and his service in the Air Force, these next two Members of Congress have storied histories and service to our country.

I'd like to recognize, and if you wouldn't mind standing, we have Evan Hensley and Austin Dyches. These are the husbands of the two witnesses today. Evan Hensley is a Sergeant E5. Austin Dyches is a Specialist D4. We thank you gentlemen for your service. I'm sorry you're going through this. We appreciate your wives stepping forward and doing the right thing and helping us out here and testifying.

Testifying before Congress is not necessarily an easy thing to do, but we appreciate your sacrifice, and here to help solve this problem and take care of your—each of you have 2-year-old daughters. And we again thank you for your service. Thank you.

With that, we'll now recognize the gentleman from Oklahoma, Mr. Russell, for 5 minutes.

Mr. RUSSELL. Thank you, Mr. Chairman.

I really do appreciate the courage that you have coming here today. All of you. From the testimony, it appears that everyone is being very forthright and is owning the problem. Having raised five children on soldier's pay, at any grade, it is hard work. And it's infinitely important in order for you to carry out your missions and your capacities that your family's taken care of.

I would ask first, Mrs. Hensley, have you or your husband received any pressure from your chain of command on your willingness to come forward to testify? Or any discouragement to and make this problem known?

Ms. HENSLEY. No, Mr. Congressman.

Mr. RUSSELL. And, Captain Dyches, have you received any discouragement or pressure about stepping forward and helping resolve this matter?

Ms. DYCHES. No, Mr. Congressman.

Mr. RUSSELL. Okay. Thank you.

Colonel Hoehne, first off, thank you for your distinguished service. While you're here in a capacity as a director, I know that you get it from your distinguished service to our Nation for 26 years. And thank you for that. The fact that you've owned the problem like a badge today with your forthright answers gives me some comfort that as we've had these hearings, that people are trying to solve and work the problem.

With regard to the funding, does any of the funding to these programs come from the MWR feeds, from commissaries, or base exchanges or post exchanges?

Ms. HOEHNE. No, sir. On the MWR arena, child care is considered a mission enabler, a category B activity which means it is partially funded both by appropriated funds and by non-appropriated funds.

Mr. RUSSELL. Okay. Thank you for that clarification.

And for either you, Colonel Hoehne, or, Mr. Badorrek in your capacity now that you've jumped into this problem, can you explain the subsidy cut? I know when I was, you know, serving my career in the Army, we all got the same amount of money for food. You

know, whether you were a private or a colonel, the human basic needs is the same.

How can we explain the cut in childcare, and how can we explain that a 2-year-old is not as important as, say, a 3-year-old, or is more important than a 3-year-old when it comes to childcare or the service member or family member's ability to care for that child? I mean, the needs are still the same. Have any of you, or even Ms. Ochoa, have any of you discovered why we have this degrading scale?

Ms. HOEHNE. Sir, the program fees charged are based on two factors. There are nine categories established by DOD based on pay, combined family income, and so it's not tied to rank or status, but it's based on combined family income as to what a fee would be charged within a child care center. Then within the child care center, fees are graduated according to the age of the child because there's different ratios required for childcare.

An infant, you have one caregiver for four infants. So they are more expensive to care for than school-age children who can have 1-10 ratio. So school-age children cost less than infants, basically, within that convoluted fee structure. There's a matching structure for the Army Fee Assistance Program that we provide the difference between what is charged off-post and what you pay on-post up to a certain cap.

Mr. RUSSELL. And I follow the logic of some of that. But I guess we shouldn't punish our volunteer warriors because of what their spouses may or may not do, whether they're employed or not employed. Because by doing so, we discourage all people that have capacity to defend this Nation. And if we punish those that have a lack of capacity to care for their children or we somehow punish those who might have better means to pay for children and their childcare, it's really irrelevant. It's kind of like food.

We want the best warriors to defend our country. And by separating or categorizing somebody's children as more important or less important based upon their station or the employment of their spouses, has anyone given any of that a serious look?

Ms. HOEHNE. Sir, all of our children are important to us. And that is one of the reasons I believe that my chain of command has directed a number of reviews of the entire childcare and Fee Assistance Program.

Mr. RUSSELL. Well, I would hope that we would. Our warriors ask for very little. They certainly don't serve for pay. I never did. And I would think—you know, I mean, we ask for our families to be cared for, for certain medical expenses to be paid for, and for honors at burial. And that's really all we ask for.

And I think, given the amount of this magnitude of the problem and the impact it can have on mission readiness, and we're talking in terms of government dollars, \$3 million, it seems to me like we ought to be able to fix this as quickly as possible. And I'm satisfied with the answers that I've heard today that I think the people sitting here are certainly dedicated to trying to fix the problem. But we need to know how we can assist in that and break the bureaucracy that has been well made known through the hearings today. The problem is not fixed, but it has been exposed, I think, with some good light.

And with that I've exceeded my time, and I yield back, Mr. Chairman.

Chairman CHAFFETZ. Thank the gentleman.

I now recognize the gentlewoman from Illinois, Ms. Duckworth, for 5 minutes.

Ms. DUCKWORTH. Thank you, Mr. Chairman.

I'd like to ask Captain Dyches, is that how you pronounce it, or either of the two spouses, have any of you been deployed?

Ms. DYCHES. No, Congressman, I have not.

Ms. DUCKWORTH. But Sergeant Hensley, you have? Three times? So what would have been your frame of mind overseas defending this Nation in a combat situation if your child was not in daycare or you couldn't pay for childcare?

I know you're not testifying, but I'm going to ask your spouse to perhaps speak to how would you feel as a mom knowing that your husband was in combat and worried about whether or not your daughter was able to be in daycare or whether or not you had money to pay for daycare? Would you want him to have those worries on his mind as he's trying to go out and engage and bring destruction to the enemy?

Ms. HENSLEY. No, Mrs. Congresswoman.

Ms. DUCKWORTH. Yeah. This is not just a childcare issue. This is a military readiness issue. When our troops engage with the enemy, they should not be worried about whether or not their daughter is in daycare or whether or not she's sitting on a corner because she couldn't get in. And I know that, Colonel Hoehne, you understand this.

And, Mr. Badorrek, you inherited something that you're trying to fix. But I am ashamed that we have put these families in this situation. And, frankly, I am astonished that we're doing this to our military men and women and their families.

You know, at the very same time the Army resisted my bill, The Mom Act, to provide military women with more than 6 weeks of maternity leave. So not only are we telling military women: Hey. You got to go back to Afghanistan after 6 weeks, we're also telling them we're not going to provide you with the daycare on base to take care of your children. And then you got to pay out of pocket, and we're not going to reimburse you. This is shameful. We are better than that. We're the most powerful Nation on the face of the Earth, the most powerful military, the most powerful Army on the face of the Earth. We can do better. And I hope that you work very closely to fix this issue.

I'm deeply concerned about this transition period that's going to end between September of this year and when the contract with GSA ends. What likelihood, and either Colonel Hoehne or Mr. Badorrek, you can answer—you should both answer this. What is the likelihood that there will be a program administration contract in place by October 1 of 2016? I'm sorry. Of—when you do the transition, would there be a contract in place ready to go so that nobody gets dropped, no child gets left behind, no one falls through the cracks?

Ms. HOEHNE. Ma'am, we're looking at getting a contract established as soon as possible. There will be an overlap between the contractor and GSA. And the contractor will then assume more and

more and more of the responsibilities as GSA works exclusively on the backlog. So there is going to be a contract in place.

Ms. DUCKWORTH. Did I hear correctly that you don't plan on going back and reimbursing the families for the money that they're out of pocket?

Ms. HOEHNE. Ma'am, what would happen is the Army Emergency Relief will give the families loans—

Ms. DUCKWORTH. No, no, no, no, no, no, no. Not loans. Are you going to reimburse them for the money that you were supposed to pay for them but you screwed up and didn't pay and now they're out of pocket?

Mr. BADORREK. Yes, they are paid the proper amount from the day that they applied and should have been paid. So it—the delay in processing, the action will not impact the amount of money they paid.

Ms. DUCKWORTH. So they'll get their money back?

Mr. BADORREK. They will.

Ms. DUCKWORTH. Will they get their money back with interest? I mean, you're asking for a loan from them. Right? They're carrying you on their family finances.

Mr. BADORREK. No. They would not get interest.

Ms. DUCKWORTH. So basically you're screwing the soldiers. No? Would you like to give a loan? I know you inherited this so—

Mr. BADORREK. I mean, my goal is to fix the problem so that everybody is paid on time.

Ms. DUCKWORTH. Okay. Well, they're not being paid on time.

Mr. BADORREK. Yes.

Ms. DUCKWORTH. So they're not being paid on time. What are you going to do to fix it? And what are we going to do to make sure that they get their money back with interest?

Do I need to ask my fellow Members of Congress to hold a bake sale? Do we need to go on the air and bring this to the general public and embarrass the Army and—what do we need to do? Because these fine Americans deserve better, and their kids deserve better.

I'm going to stay on this. I am sure I have friends across the aisle who will work with me on this. In fact, The Mom Act that was supposed to bring—give child care—maternity leave to military women up to 12 weeks had 20—over two dozen Republican cosponsors. This is not a partisan issue. This an issue of doing right by our military. These are men and women who are willing to die for this Nation. And yet we exploit them and exploit their children. And that's not acceptable.

Thank you. I yield back.

Chairman CHAFFETZ. Thank the gentlewoman.

I now recognize the gentleman from North Carolina, Mr. Meadows, for 5 minutes.

Mr. MEADOWS. Thank you, Mr. Chairman. And thank you for holding this hearing.

I must confess this was not an issue that I thought we had a problem with until I started reading about this hearing, and then I started talking to some of my staff, and they said not only is it a problem, but it's an unbelievable problem. And so on behalf of the United States, my apologies to the families who have been affected. And truly we do need to make it right, and with interest.

You know, I agree. I mean, they should not be the government's bank. And that's what we've essentially made these fighting men and women's families, the bank for our inefficiency. So I know we're making progress and a lot has been said about the progress we're making.

I want to turn back a little bit. Who made the decision and why was it such a surprise that we were going to have GSA's improper handling of this? Colonel, do you know? I mean, because obviously there are two decisions. One is to save money, which this did not do. But there's also the political ramification. Well, let's take it from the private sector. We'll make it part of this agency. We'll grow the agency. Sometimes those factors play in. So who thought that the GSA could do a better job than the private sector at administering this? Colonel?

Ms. HOEHNE. Sir, I don't have the information on who specifically made the decision. It was in August of 2013 before I arrived at Installation Management Command. But I understand the logic of the looking at the financial benefit of doing it. And it was—there was, my understanding, no thought of giving GSA unnecessary benefit in growing them. It was the knowledge that GSA was already successfully executing the program and their willingness—

Mr. MEADOWS. Executing a different program with far less people?

Ms. HOEHNE. —of the program. Yes, sir. So we knew that they understood—

Mr. MEADOWS. What percentage were they executing effectively?

Ms. HOEHNE. Ten to fifteen percent, sir.

Mr. MEADOWS. Okay. And so the best logistics group in the world, as some would say, the Army is some of the best logistics folks in the world, made a logistical decision that affected families, but they were wrong. You know, to put it in another vernacular, it would be like having a tank out on the battlefield with no gasoline to make it work. Was it GSA that messed up, or was it the Army?

Ms. HOEHNE. Sir, it was both of us. It was our lack of due diligence in ensuring that GSA was ready to take on the mission, and it was staffing problems on GSA that they didn't bring up to us.

Mr. MEADOWS. Okay. But we keep coming back to staffing problems. And that's like asking a florist if they were surprised with Valentine's Day coming and they didn't have enough flowers. I mean, it just doesn't make sense. You knew how many people were there, so why would they have been surprised at the processing? GSA, do you want to answer that? Why were they surprised?

Mr. BADORREK. Why was GSA surprised?

Mr. MEADOWS. Yeah. I mean, why the big backlog? I mean, if you're so efficient at it, why would you be surprised?

Mr. BADORREK. So I could speculate on that. I was not there, but I think they probably underestimated the number of providers.

The other thing that I would tell you is if you're going to save money from the prior vendor, you have to have better systems or lower cost of labor, and I think—

Mr. MEADOWS. And do you have better systems and lower costs?

Mr. BADORREK. I don't—I don't know—I know that our systems were not good and GSA underestimated what—

Mr. MEADOWS. But today, I'm mean, you're looking backwards, obviously you've looked at that, do you have better systems and lower costs providers? Yes or no.

Mr. BADORREK. I do not know what the other vendor had, but we do not have a system that was adequate.

Mr. MEADOWS. So you don't even know today whether you were going to be more cost efficient or not. So it just sounds like that we messed up but we really don't know why we messed up, and so potentially we could mess up again.

Mr. BADORREK. No. GSA has implemented a system to handle the application processing that is now in place that was put up quickly. It will help us deal with the backlog going forward but—

Mr. MEADOWS. Okay. We have a backlog. So let me, in the 24 seconds I have remaining, what would be the problem of paying all of the invoices and relying on the military men and women to be men and women of integrity, who I believe they are, and say: Golly. We may have made a mistake. It couldn't have been any bigger a mistake paying all the invoices and just getting them paid at this point than the \$8.4 million mistake that obviously we've just made.

Why don't we just go ahead and pay them? Cut the check in 30 days to everybody. Eliminate the backlog.

Ms. HOEHNE. Sir, that's essentially what we have directed GSA to do is, when there are discrepancies, pay the amount that you know is—was right, or pay the amount that you paid last month, and then worry about the—

Mr. MEADOWS. So if you've directed them to do that, GSA, are you going to be able to pay everybody in 30 days and so men and women are not going to have to worry about bad credit or bankruptcy or child—are you going to pay it all in 30 days? They've instructed you, is what Colonel just testified.

Mr. BADORREK. Yes. We are going to pay—

Mr. MEADOWS. So the backlog will be gone in 30 days.

Mr. BADORREK. We have a backlog of applications, but the backlog of invoices will be significantly improved with this policy change.

Mr. MEADOWS. "Significantly improved" is not all paid. Can you pay them in 30 days?

Mr. BADORREK. We can pay them in 30 days, yes.

Mr. MEADOWS. Will you pay them in 30 days? Do I have your commitment today?

Mr. BADORREK. Yes. We will pay them.

Mr. MEADOWS. All right. Thank you.

I yield back.

Chairman CHAFFETZ. Thank the gentleman.

I now recognize the ranking member of the full committee, Mr. Cummings of Maryland, for 5 minutes.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

To the panel and to the committee, I'm sorry. I had some other pressing matters this morning. But I have kept up with the hearing.

Captain Dyches and Ms. Hensley, I want to thank you both for being here today and for the sacrifice you and your families make for this country. I recently held a forum with women in the military, and the number one issue that they brought up was child

care. And that the problem with trying to pursue a career and quite often having to be called into some type of duty sometimes on short notice and not—and worrying about their kids.

We spent a lot of time today listening to the Army and GSA explain what was went with the childcare assistance program, but we can't forget that the program's mismanagement has real life consequences that our military families suffer. Two of those families are represented today, and it's important to hear directly from them.

Now, Ms. Hensley, let me start with you. Your husband is an Army sergeant. Is that right?

Ms. HENSLEY. Yes, Ranking Member Cummings.

Mr. CUMMINGS. And in your written statement, you note that you enrolled your daughter in the program on July 14, 2014, but once GSA took over, you had to resubmit your application and materials, and GSA required different materials than what you'd previously submitted. Is that right?

Ms. HENSLEY. Yes, Mr. Ranking—or yes.

Mr. CUMMINGS. That caused your application resubmission to be delayed. Is that right?

Ms. HENSLEY. Yes.

Mr. CUMMINGS. Now once you resubmitted the application, you waited for well over a month before GSA informed you that it had been received. Is that correct?

Ms. HENSLEY. Yes.

Mr. CUMMINGS. In fact, your husband emailed GSA on September 17, 2014, saying, "I need to know how much longer this is going to take. I'm barely able to afford my daughter's day care. I will have to pull her out soon if I do not get answers."

Approximately how long after that email did it take before you finally received the first childcare subsidy payment?

Ms. HENSLEY. I believe when we emailed them they emailed us back within 2 days, and it took them a month—or after—it took them a month because they told us that they received our application in August, and here it was September 19. So they never told us that they received any application. From there, we ended up getting our pay. It was in November.

Mr. CUMMINGS. So that's quite a while. Isn't it?

Ms. HENSLEY. Yes.

Mr. CUMMINGS. And you needed that money. Is that right?

Ms. HENSLEY. Absolutely.

Mr. CUMMINGS. Badly.

Ms. HENSLEY. Yes.

Mr. CUMMINGS. So from July 2014, when you first applied for the program, to November 2014, your family received no childcare fee assistance. What impact did that have on your family?

Ms. HENSLEY. We were put in a situation where we had to actually ask our family for money. It was the most stress that I think I have ever had to endure in my life, not knowing if you're going to be able to afford diapers for your child. It was very heart-breaking, the things that we had to do to make sure our child was able to continue to be in day care because not only was it about the day care, but I was within a few days from putting in my two weeks' notice from my job.

Mr. CUMMINGS. Wow. Captain Dyches, your family experienced similar delays in awaiting childcare fee assistance. You told NBC that childcare subsidies for your daughter was delayed up to 3 months. Is that right?

Ms. DYCHES. Yes, Ranking Member Cummings.

Mr. CUMMINGS. And what impact did that have on your family?

Ms. DYCHES. Monetary resources were severely depleted. We weren't able to pay for student loans that we were trying to pay off. We had to put lots of things on hold in order to pay for the day care that—unexpected day care costs, basically

Mr. CUMMINGS. So then I assume that you were putting off paying certain things that needed to be paid. And then a lot of people don't know how that works, but you get on a slippery slope, and just trying to pay Paul, but Peter doesn't have any money so you're just struggling. Is that right?

Ms. DYCHES. Yes, Mr. Cummings.

Mr. CUMMINGS. And these next questions are to either one of you. Has the situation improved?

Ms. HENSLEY. As of November of 2014, we have not had a problem with the GSA.

Mr. CUMMINGS. And you, Ms. Dyches?

Ms. DYCHES. My issues are ongoing. Twice we were delayed up to 3 months on payments, and currently we are trying to figure out how the payments are being calculated and why once my daughter turns 2 the GSA receives a significant decrease in the amount that they have to paid while we retain the exact same amount that we pay, while the Hensley family actually received opposite news, that once their child turned 2 they received a discount.

So everybody kind of gets a discount, but that wasn't our case. And no one has been able to explain to me how it's calculated, why it's calculated, why there a difference in change. Yeah. There's still ongoing issues.

Mr. CUMMINGS. Now, Mr. Badorrek, I understand that you testified under oath that any families that were forced to pay funds out of their own out of pocket will be fully reimbursed for what they would have been due under the program. Is that right?

Mr. BADORREK. Yes.

Mr. CUMMINGS. Say it loud. I want to make sure I hear you.

Mr. BADORREK. Yes. That's correct.

Mr. CUMMINGS. And, Captain Dyches, did you hear what he just said?

Ms. DYCHES. Yes, I did.

Mr. CUMMINGS. Ms. Hensley, did you hear what he just said?

Ms. HENSLEY. Yes, I did.

Mr. CUMMINGS. Okay. I want to come back to us and let us know that this has—this has not happened yet. Is that right, Ms. Dyches?

Ms. DYCHES. I have been paid up to July. So I'm waiting—they—we've been told that they're always going to be a month behind in payments. That wasn't the case before the GSA took over our contract. But we've been told that we will always be a month behind. Or that the GSA will be.

Mr. CUMMINGS. As I close, did you have a comment, Ms. Hensley?

Let me be clear that if you fail to get a dime, I want you to let us know. Okay? And we will do everything in our power to make sure you get what you deserve. Okay?

Ms. DYCHES. Thank you, Ranking Member Cummings.

Mr. CUMMINGS. Thank you.

Thank you, Mr. Chairman.

Chairman CHAFFETZ. Thank you. And we do want to follow up with you. It wasn't for a lack of personnel. There was nearly 190 people at the GSA working on this. And yet there were less than 40 that were working on it prior under Child Care Aware. I think one of the screw-ups, one of the messes, had to do with software and systems that were undervalued. One of the big stories that we're trying to follow and track down in overall government is—since I was able to take office, since President Obama took office, the Federal Government has spent in excess of \$525 billion on IT, and it doesn't work.

Chairman CHAFFETZ. And so even though there are millions of dollars potentially that was thrown in to try to duplicate what Child Care Aware was able to do with their software programs, that was never valued. And so what you find is that they were, GSA was dealing with an Excel spreadsheet and trying to do this by hand and they could never keep up.

The subcommittee chairman of a new subcommittee that we created this year is Mr. Hurd of Texas who is helping to spearhead this, he understands IT, working closely with Mr. Lieu and others to try to tackle the software portion of this. We're now pleased to recognize Mr. Herd. Because I think at the heart of the ability to leverage people, dollars, talent, was the fact that GSA never had a plan that was adequate to deal with the systems to automate this and to try to go through with thousands of invoices, maybe \$300, maybe \$1000 at a time, the thing fell apart. It got behind. It compounded. And it continued to grow in its problems.

I'm now pleased to recognize the gentleman from Texas, Mr. Hurd.

Mr. HURD. Thank you, Mr. Chairman. And I want to start off in joining all of my colleagues in thanking you, Ms. Hensley, for showing up here today and shedding light on this problem. You shouldn't have to be here to be frank. This is something that we should be doing. It should happen. A lot of stuff that we deal with up here in Washington, D.C. I would categorize, and it's unfortunate, but being able to fight the bureaucracy for people that need it fought, I think that's like 95 percent of our job. So thank you for being here today.

I wasn't in the military but I served in the CIA and I served alongside the men and women in the uniform in rough places like Pakistan and Afghanistan. And I recognize the pressures on families. And sometimes that's forgotten. So thank you for being here today. And I apologize that you actually have to be here today. It appears that the Army and GSA determined that it would not use a software program that may have been more effective than what was ultimately used by the Army and the GSA. And my first question is to you, Mr. Badorrek, when did you join the—

Mr. BADORREK. My start date was December 29th, 2014.

Mr. HURD. December 2014. So why did—and you may know the answer and, Colonel Hoehne, you may know this, why did the Army decide not to use the software provided by the previous program administrator? Anyone?

Ms. HOEHNE. Sir, I'm not sure of the answer. I would like to take that so I can get you an accurate answer to that.

Mr. HURD. Interesting. The committee has also learned from a number of sources that the Army may have invested almost \$3 million into software that was used from the previous providers. Are you aware of this?

Ms. HOEHNE. No, sir.

Mr. HURD. Three million dollars is a lot of money for a software program. I think we could have paid all the childcare fees with that \$3 million instead of wasting it on some IT system. And how many applications are we actually processing?

Mr. BADORREK. We are processing about 1600 a month right now.

Mr. HURD. Sixteen hundred a month. Does that need \$3 million to—\$3 million, that's not an inordinate large number. We're not talking about a big data problem here. So my question is, so you don't know why the previous software that was obviously working, right, because we weren't having these problems prior to GSA taking this over.

So we have a software system that is supposed to help increase efficiencies, that was working, we decide not to use it, we put \$3 million into it, and now we're going with something else. What's the plan on how to process these applications in the future.

Mr. BADORREK. GSA has switched to Salesforce software to process these applications.

Mr. HURD. And how much are we spending on that?

Mr. BADORREK. We spent \$400,000 on that.

Mr. HURD. Do you foresee any future problems with having Salesforce manage 1600 applications a month?

Mr. BADORREK. No. Salesforce will enable us to process the applications more efficiently. The prior system did not work effectively.

Mr. HURD. How long does it take to process an application using Salesforce?

Mr. BADORREK. It depends on whether you have the workers there. But you can process—you have to evaluate the application. But Salesforce doesn't have the limitations—

Mr. HURD. Most of our Members' offices are processing thousands of pieces of mail, snail mail a week. And to say that you can't process 1600, that you don't have enough people to process 1600 applications in a month? How many people do you think you need?

Mr. BADORREK. It's hard to say. We have a huge backlog right now. I would think we would need in the neighborhood of 70 to 80 people.

Mr. HURD. How many?

Mr. BADORREK. Seventy.

Mr. HURD. Seventy people?

Mr. BADORREK. You know, I really don't know. I'm guessing. My focus has been on getting the number of people in place and the tools in place to reduce the backlog.

Mr. HURD. So 1600 divided by 70 is what? Can anybody do the quick math? Ted Lieu, you're a smart guy.

Mr. BADORREK. But you also have to process 12,000 payments a month. You have 300 emails coming in a day, 400 phone calls a day today. Obviously, when we can—

Mr. HURD. That sounds like a congressional office and we have 23 people that staff that. So please get back to us on why the decision was made not to use the previous software that we invested \$3 million which would have probably paid for all the health care that these men and women of our military could have used to pay for their child care.

This is, you know, the Federal Government is spending over \$80 billion a year and 80 percent of it is on legacy systems. To me, this is just, this is outrageous that we're not using tools at our fingertips to make us more efficient.

I have exceeded my time. And, again, Ms. Hensley, please tell your friends thank you for what they do. And, Captain Dyches, thank you for your willingness to appear before us. I know the difficulty that you all are both in. Many people here that you've got to talk to today understand your plight. And we're here to fight for you.

Thank you. And I yield back, Mr. Chairman.

Chairman CHAFFETZ. I thank the gentleman. I now recognize myself for another round. We're very—you've given—the GSA has given us such a wide variety of numbers. We asked if there are only 9,000 to 10,000 families in the program, why is the GSA receiving 12,000 invoices a month. Maybe there are a variety of different children. But can you provide us more specificity?

Mr. BADORREK. Yes. The reason it's more than the 9,000 is there's a separate invoice for each child.

Chairman CHAFFETZ. Okay. And part of—our office receives roughly 10,000 emails and letters per month. Every one of them gets a response. And we do this with just a handful of people. Captain Dyches, what is the monthly cost, childcare cost?

Ms. DYCHES. A thousand two hundred.

Chairman CHAFFETZ. And for Ms. Hensley, how much?

Ms. HENSLEY. About \$1200.

Chairman CHAFFETZ. You can see the pressure on families in trying to float this. I still want to have an answer at some point on how we're going to make these people whole. The Army, somewhere between the Army and GSA, there's going to be credit monitoring services that are offered, correct?

Mr. BADORREK. That's correct.

Chairman CHAFFETZ. What is the cost of that?

Mr. BADORREK. That cost is about \$200,000.

Chairman CHAFFETZ. So that \$200,000 expenditure for credit monitoring, why are you doing the credit monitoring?

Mr. BADORREK. We had a PII—

Chairman CHAFFETZ. A what?

Mr. BADORREK. We had a PII breach. And we offered credit monitoring to all—

Chairman CHAFFETZ. Without the acronym, what was that?

Mr. BADORREK. The privacy information of the families were—

Chairman CHAFFETZ. Why did you have a data breach?

Mr. BADORREK. In our attempt to get contractors set up and able to do work and support the families, we started training them and set up PCs. They should not have seen any personal information for families. It turns out that we had a couple—some of the contractors that did.

Chairman CHAFFETZ. So you violated your own policy, allowed contractors to see personal identifying information. And some of those contractors had some nefarious backgrounds, correct?

Mr. BADORREK. Yes, they did not pass the final background clearance.

Chairman CHAFFETZ. So prior to passing a background test, you went ahead and took these young children, their families, members of our military, and you allowed them access to all their personal information that was submitted, correct? How many families were affected?

Mr. BADORREK. We believe that they saw the information on about 200 families.

Chairman CHAFFETZ. And that expanded though, there was a breach of how many people? How many families? It's larger than 200.

Mr. BADORREK. Are you talking about the 8,000 in the IG report?

Chairman CHAFFETZ. Yes.

Mr. BADORREK. Yes.

Chairman CHAFFETZ. There was a second data breach that you allowed to happen. How many people were involved in that?

Mr. BADORREK. That was a vulnerability.

Chairman CHAFFETZ. Yes.

Mr. BADORREK. When we installed the Salesforce software, there were other GSA employees that used that software that conceivably could have accessed the Army information. We had no evidence that they did. It was—

Chairman CHAFFETZ. But you couldn't tell. I mean, people get online and go look at it, right? And that affected how many people?

Mr. BADORREK. They would have to know the email of the—

Chairman CHAFFETZ. It's not hard to figure out. So enough so that you're spending hundreds of thousands of dollars in credit monitoring. We had a person who had a warrant out for their arrest and that information included data such as, you know, where the child, where the children were, their childcare providers. I mean, these are United States military. We got a lot of people out here who want to do harm to these good people. And you're going to offer credit monitoring? Anything else?

Mr. BADORREK. No. We offer credit monitoring to families.

Chairman CHAFFETZ. How do you have—has anybody been fired?

Mr. BADORREK. We have replaced the top tier management. No one has been fired.

Chairman CHAFFETZ. To the point that was brought up by Mr. Mica, you're going to provide us a list of the people who were involved and engaged in this process, including their compensation and any bonuses that they've had, correct?

Mr. BADORREK. Correct.

Chairman CHAFFETZ. When will you provide that information?

Mr. BADORREK. I believe I can provide that in a week.

Chairman CHAFFETZ. One of the great frustrations here is that people make mistakes. I get that. But this is not a simple mistake. You're violating policy and there doesn't seem to be any consequence to that. If somebody in the military knowingly, willingly violates policy, they could very well be terminated. There are lots of other disciplinary things that could happen to them. But in the Federal Government, at the GSA—you know, they're overwhelming good people, they're good, hard-working, decent, patriotic people. But they do a good job. And they abide by the rules. You set up the rules. You have a couple of data breaches. You make a multi-million-dollar mistake, it affects tens of thousands of people. And is anybody disciplined?

Mr. BADORREK. No one has been disciplined.

Chairman CHAFFETZ. No one has been disciplined? It just continues on. Ms. Hoehne, I am glad that Child Care Aware is evidently going to come in and try to help save the day. When did you first contact Child Care Aware?

Ms. HOEHNE. Sir, it was this month.

Chairman CHAFFETZ. It was this week, wasn't it?

Ms. HOEHNE. Yes, sir.

Chairman CHAFFETZ. It was this week. Now, I'm glad we're having a hearing. I'm glad that that's putting a spark under you. But when you get an IG report and you know that there are people in trouble, that should have provided the spark.

And when you got a second IG report saying the problem has doubled, that should have provided the spark. We can't hold enough hearings to get enough spark under people to actually take the action. I'm glad that you're doing it. I agree with Mr. Russell that, I appreciate that you're owning up to this. But not only did we get behind on payments, we did data breaches, we provided access to information that should never have been there. Nobody gets disciplined. Nobody is held responsible.

And I think the problem is actually bigger than \$8.4 million because now we have credit monitoring that's going to have to go on. You just don't just do that for 4 months. That's going to have to go on for years. And the people that get left out of this, Ms. Hensley, Captain Dyches, their families, and thousands of others, their credit gets screwed up. How are you going to fix that? It's one thing to have credit monitoring. But if your credit score goes way down, your cost of money and access to capital, your ability to go out and finance a home and go buy furniture and do whatever else, to be able to go out and get cable television, for goodness sake, they're going to look at your credit score and say you screwed up.

I would really challenge you both please to come up with something, I don't know if it's a letter, we were talking about this, is there a letter that you can provide that they can share with creditors to say this wasn't our fault? It was the United States military's fault. It was the Army's fault. Something like that. I'm struggling with a solution to try to figure out how to help these families because they were put in a precarious position that they should have never been put into. I'm open to ideas and suggestions.

I do think we need to look at the software issue. I do want to have a more specified number. I think this is a government-wide problem. I don't think this is specific to the GSA. I don't think it's

specific to the Army. I don't think it's specific to the Pentagon. I think it's government wide. I think we could pick apart any department and agency and we would see how software has screwed up their lives. I don't know how you spend \$400,000 on Salesforce.com to process 12,000 or so applications. They're a good company, very successful. Maybe I don't understand their pricing schemes. But, my goodness, there's got to be a better, smarter way of doing this.

I now recognize Mr. Lieu for whatever comments he might have.

Mr. LIEU. Thank you, Mr. Chair. I want to follow up on this unauthorized access to private information. There were two incidents. In the February incident, about 12 families were affected according to the inspector general. The GSA then implemented new policies to prevent a repeat of the incident, including increased training, document tracking, eliminating the option for teleworking. Mr. Badorrek, is that correct? After the first incident, you guys put in these new procedure?

Mr. BADORREK. Yes. That's correct.

Mr. LIEU. And then the IG report 4 months later, 200 GSA employees had access to sensitive information of 8,000 additional families. So how did the GSA put in all these new training programs and have a far worse problem 4 months later? How did that happen?

Mr. BADORREK. That was not related to contractors. That was a software change. It was not deemed a breach but a vulnerability. There were 200 GSA employees that already had a level of clearance that conceivably could have accessed this information. It is very likely that they did not. But they were already working for GSA, had clearance. And they should not have been able to figure out how to access the Army families. We don't believe that any did. But they could have. And that was a fix that we had to do to our software.

Mr. LIEU. What is the GSA doing to make sure this doesn't happen again in the future in terms of unauthorized access to private information?

Mr. BADORREK. Our IT organization has made a mistake. They have procedures in place. They've checked all the things around the Salesforce applications to make sure that there's no other potential problems. And they fixed the problem in less than 24 hours.

Mr. LIEU. Are GSA contractors now required to complete initial background investigations before being granted access to the sensitive information of military families?

Mr. BADORREK. What was your question, sir?

Mr. LIEU. Are GSA contractors now required to complete background investigations?

Mr. BADORREK. Yes. They're required to receive initial clearance background investigation through OPM.

Mr. LIEU. Do you think that GSA has sufficient safeguards now in place to make sure that this doesn't happen again?

Mr. BADORREK. I can't guarantee that. I know that we do have safeguards in place.

Mr. LIEU. I do agree with the chair that I think this is a government-wide problem. It seems like every 2 months in this hearing room we hear about data breaches and unauthorized access to private information. And then credit monitoring, that's just not ac-

ceptable. And so I think our Federal Government as a whole needs to do far better in terms of cyber security and making sure that unauthorized access doesn't happen.

Let me just maybe put sort of out there what I heard under oath today. I heard under oath that the GSA is going to clear the invoice backlog within 30 days and make payment on those invoices. I also heard under oath that the GSA and the Army is going to submit a plan within a week to this committee on how to go forward and make sure this doesn't happen again on a going-forward basis.

I also heard under oath that the Army and GSA are going to see if anyone should be disciplined for this fiasco. And I also heard under oath that military families who have had to make payment out of pocket will also be fully reimbursed for those payments.

I thank you for your testimony under oath. And look forward to having this problem fixed.

Chairman CHAFFETZ. Thank the gentleman. One last thing, Mr. Badorrek, now that it's come to light that there are some 4,000 voicemails that were purposefully deleted and that there are an untold number of emails that were deleted, what are you going to do?

Mr. BADORREK. We have a record of the 4,000 emails. We have looked at all—4,000 voicemails, I'm sorry. We have a record of the 4,000 voicemails. We have gone through every one of them. While the voicemails themselves were not kept, we have a separate log that we used to call those back. We have looked at the 4,000, looked at how, identified how many have already talked to us, had issues resolved, how many were duplicates. There are a little over 2,000 remaining on that list. GSA is going to call back those 2,000 voicemail messages.

Chairman CHAFFETZ. What about the emails?

Mr. BADORREK. The emails I need more information on. And I will get that.

Chairman CHAFFETZ. Ms. Ochoa, can you give us any insight into the deleted emails and deleted voicemails?

Ms. OCHOA. We have more information on the voicemails than on the emails. What we were told, what we learned through the review was that between December and June, there had been a backlog that had accumulated of 5,100 voicemails. The content of all of those voicemails we were told was deleted. The log that was kept was of the numbers associated with the voicemails.

For a time, GSA program staff were calling back some of the numbers on that log, but found that it was taking them over 31 days on average to get through that part of the backlog. And when they got to about 4,000 numbers associated with voicemails left, they decided not to return those calls. It's new information to me today that they've been since now calling some of those numbers.

Chairman CHAFFETZ. Is that right? Are you actually calling those people back?

Mr. BADORREK. No. We are going to call those numbers. The 4,000—at the time this happened, we set up a new call center operation. We were able to answer over 90 percent of the calls versus 30 percent before. It is new information to the IG. But that was yesterday that we took those numbers, identified them, identified how many had already called back or how many we had talked to.

And we now know how many we need to call back. And we will do that.

Chairman CHAFFETZ. So you have good military families, people like Captain Dyches and Ms. Hensley and their husbands or wives or whoever it is calling and asking for help. Somebody made a decision to say we're not doing that anymore. Somebody made a decision that we're just going to delete those, erase them and move on. And there's Federal law, we believe this falls under the Federal Records Act.

One of the answers that I would hope you would have is you are going to make communication with the archivist as required by Federal law to try to recover this information, make note of it. I also think you need to communicate and work with the inspector general because Federal employees are not allowed to just simply go out and erase Federal records. We're dealing with this on a couple different fronts. Are you going to work with the IG on this?

Mr. BADORREK. I will work with the IG on this.

Chairman CHAFFETZ. They'll have full cooperation with the GSA as she and the rest of her staff look at this?

Mr. BADORREK. Yes. We will cooperate fully with the IG.

Chairman CHAFFETZ. Thank you. I do appreciate it. Listen, we've got a lot of good men and women who serve this country. They deserve better. I think that has been exemplified here over the last 2 1/2 hours through this hearing.

We do need an action plan for moving forward. We are not only the Oversight Committee, we're also the Government Reform Committee. So we can highlight, put a spotlight, a big bright shiny light on things. But then we also want to get to the reform part of it. And I think Mr. Lieu and I and others on this panel desperately want to be helpful in that part of the solution.

Again, I will say, I've said many times, we want to find a way to help make these people whole. Because the harm that they've had at no cause of their own has not just been oh, they need ongoing credit protection. But you've harmed their credit scores. You've hurt familial relationships, people who have had to loan money. And in some cases, it's gotten so desperate that some people have had to actually file bankruptcy because they got so behind and they just decide to put it on a credit card and then there's interest charged. And the next thing you know, you're paying 20 percent on your cash flow. And they shouldn't be put into that situation. So we need help on that solution as well.

We appreciate the spirit, particularly, Ms. Hoehne and Mr. Badorrek, in which you've testified today. It's been a good, candid, I think, discussion. And we appreciate your candor here.

To Ms. Ochoa and your staff, you have hundreds of people that work in the inspector general's office. We thank them for their good hard work. And they spend sometimes years working on projects, and then we have a hearing. But we appreciate their good work. You've shed light on something. We do appreciate the good work of Channel 4, the NBC affiliate here in Washington, D.C., because it sparked a lot of action, quite frankly, here in Congress. It sparked action in helping to solve individual problems. And that has been good work.

And to Ms. Dyches and Ms. Hensley, I hope at some point we get to meet your 2 year-old daughters. We thank you for taking time, all four of you, your husbands are here, taking time away from work that has its costs unto itself. But the candor and being courageous enough to step forward and shedding light on this problem. I know there are thousands of families who are very grateful that you represented them here today. So with that, this committee stands adjourned.

[Whereupon, at 11:26 a.m., the committee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD



STATEMENT OF DR. LYNETTE M. FRAGA
EXECUTIVE DIRECTOR
CHILD CARE AWARE® OF AMERICA
TO THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES
September 10, 2015

Chairman Chaffetz, Ranking Member Cummings, and Members of the Committee:

As the Executive Director of Child Care Aware® of America (CCAoA) since October 2012, and as the adult child of a retired sergeant major who served in the Army for nearly 30 years, a former Army active duty and Reservist spouse in addition to a former director of a child development center for the Army Child and Youth Services, I know well the needs of Army families. As importantly, I am committed to effectively delivering the services they deserve. I grew up Army and have been proud to serve military families throughout my career. In response to the Committee's request, I respectfully submit this statement regarding the performance and commitment of CCAoA to Army families during its operation of the Army Fee Assistance Program, and our ongoing work with the Air Force, Navy, and Marine Corps in selecting and finding affordable, quality child care for the children of uniformed members of the military.

CCAoA, formerly known as the National Association of Child Care Resource and Referral Agencies (NACCRRA), is the nation's leading voice for child care, working with more than 400 state and local Child Care Resource & Referral agencies nationwide to ensure that families in 99 percent of all populated ZIP codes in the United States have access to high-quality, affordable child care. Our mission is to advance a child care system that effectively serves all children and families.

Since 2004, Installation Management Command (IMCOM) G9 Family and Morale Welfare & Recreation Command (FMWRC) programs have offered Army Child Care Fee Assistance Programs to uniformed personnel. Between 2004 and 2014, CCAoA operated the Army Fee Assistance Program – providing child care subsidies to Army families who could not take advantage of child care centers on-post, ensuring quality providers were available, and assisting families in identifying providers that best meet their needs. Since 2004, CCAoA has operated the Navy, Marine, and Air Force Fee Assistance Programs, as well as the Exceptional Family Member Fee Assistance (EFMP) program for the Navy and Air Force since 2008 and 2011 respectively, and is proud to continuously serve in this capacity.

During the years operating the Army Fee Assistance Program, CCAoA consistently received praise from Army parents as reflected in testimonials received in the year prior to the transition of the contract to GSA (see examples in Attachment I). CCAoA currently serves nearly 4,000 Navy, Air Force and Marine families; processes payments in five days or less, processes completed application packages in ten days or less, and distributes approximately \$3,000,000 in monthly subsidy payments.



Transition Planning and Implementation

On November 25, 2013, CCAoA received formal notification from the U.S. Army Installation Management Command (IMCOM) G-9, Child, Youth, and School Services that the Army Fee Assistance Programs would be transitioned to and wholly operated by the General Services Administration (GSA). IMCOM emphasized that the quality of CCAoA's work was not in question. CCAoA committed to work with IMCOM and GSA to ensure a smooth transition of operations and a continuum of service for military families (see critical dates of transition in Attachment II). Staff from CCAoA met with GSA and IMCOM staff on December 12, 2013 to discuss contractual and legal issues, communication with providers and parents, and a timeline of activities to be undertaken during the transition period. CCAoA provided continuous and responsive support to the GSA throughout the entire transition process. While the transition was originally scheduled to be completed by March 31, 2014, at the request of the Army CCAoA continued to operate the program until October 1, 2014.

Transition Activities: Communication

To ensure consistent messaging and avoid confusion for the families and providers in the program, the Army developed customized call scripts for parents and providers which were utilized by all CCAoA staff. Similarly, emails for parents and providers were drafted by the Army and reviewed by all parties before dissemination by CCAoA. Four webinars were scheduled to address parent questions. In addition, CCAoA furnished additional questions from parents and providers to the Army for review and the development of appropriate responses. Following the transition of program operations, CCAoA continued to receive phone calls/emails from covered families/providers. These were forwarded to the Army for resolution.

Transition Activities: Ongoing Subsidy Payments

In January 2014, there were a total of 8,358 families and 12,572 children enrolled in the Army program administered by CCAoA, while providers received \$2,983,338 in subsidy payments. Subsidy payments continued to be processed within the Army requirement of 10 days. To ensure a seamless transition, CCAoA also established a Resolution Hotline to address any challenges parents or providers were facing around payments. During the last 10 months in which CCAoA operated the program under contract, the hotline received an average of 3.4 calls per month. Less than 10 percent of the calls received during this period were payment-related and problems were typically rectified the same day.

Child Care Aware® of America has always been committed to serving Army families and stands prepared to meet their needs – now and in the future.

Thank you for the opportunity to submit this statement for the record.



ARMY TESTIMONIALS

2014

Attachment I

"You are awesome at your job!! I would love to tell them how well it is working with employees such as yourself!"

Army Provider, Alexandria, VA

"I just want to thank you for being extremely helpful in providing me support in acquiring and maintaining the fee assistance for my children. I wish you all the best in the future."

Service Member

"You are so fabulous! Thank you for getting the Rodriguez family done so fast. Thank you!"

ACCYN Provider

"Once again, thank you for the excellent customer service.....really appreciate it!"

Army Civilian, Springfield, VA

"Thank you again for all your hard work and handling so many details with families and providers in a professional and efficient manner. It is greatly appreciated!"

Child Care Provider, Alexandria, VA

"Thank you for everything you have done to help me and my family! You have been AWESOME!!!!!"

Army Spouse, Columbia, SC

"Thank you so much. I don't know how else to show you my appreciation but this is the best way I can do that: I LOVE YOU GUYS!!!!!"

Army Spouse, Fayetteville, NC

"Thank you for your prompt response to my inquiry. I appreciate the information that you provided. It was very helpful. We look forward to applying to the program in the near future."

Army Civilian

"Seriously. You. Are. The. Best. Our family has been going through a lot lately and your help has been invaluable."



Army Spouse, Duluth, MN

"This is awesome information! Do you have a link for customer care? Would love to be able to fill out comment card on all the help you provided me."

Army Civilian, Easton, MD

"First I want to apologize for not thanking you in writing previously. So often we hear or see the 'bad stuff' but rarely see the good reports and I have been remiss in sending this thank you. I must say that you "floored" me, for lack of a better word by telling me that you will not make the transition in September and that honestly is what prompted this thank you as I will sincerely miss you.

Your positive attitude, knowledge, helpfulness and always a quick turnaround was a breath of fresh air and quite frankly amazing!

I want to thank you for your support of Soldiers...People! You are a special person and I pray that God blesses you and gives you the desires of your heart. Thank you again and please forgive me for not doing this sooner.

I do not know who your supervisor is but if you send me his/her contact information, I will provide a copy of this email or feel free to share this.

Thank you again for all you have done for me and my family. I pray God's blessings on your future endeavors!"

LTC, Reserve Affairs, Chester, VA

"Erin you have provided such outstanding services. You are extremely thorough and I can tell that you are passionate about what you do. If there is anyone I can talk to in regards to the wonderful services I've received from you, please let me know, and I will give them a call immediately or send an email.

If you are ever in Concord, NC, please look me up. I would love to take you out to lunch to show my appreciation for all that you have done.

Thanks again for your help. It is always a pleasure."

Mother/POA of Deployed Army SM

"I just wanted to let you know what a pleasure it was to work with Nick Bach. I spoke with Nick last week, explained our situation, and he had everything fixed and payment deposited in the daycare's bank account this Tuesday. He was kind, helpful, and truly excellent.



If he is up for any type of promotion or bonus in the years to come, he is an excellent worker. It is so important to find someone that will do such a good job, and tenaciously follow-up to complete the work."

Army Spouse, San Antonio, TX

"Thank you! Thank you! Thank you! As a wife of soldier I am so proud of my husband and never even blink an eye at any sacrifices we need to make so he can serve our country and it is these benefits that help me stay positive during the rough deployment times. "

Army Spouse

"I wanted to let you know that Tenia has been a WONDERFUL help to me and my family as we PCS'd to a new location. We were in search of childcare that was suitable for our children. Tenia ensured that the paperwork was done in a timely and professional manner. It is people like her that make a PCS move for military families less stressful. She is a wonderful person with a great personality! I wanted you to know!"

Army Spouse, Gainesville, VA

"Thank you for your help! We hope that you are able to transition once the contract changes over and stay with us. Your service is by far among the best! "

Army Civilian, Arlington, VA

"Thanks for all your hard work and diligence with my paperwork and forms. I really appreciate your patience and being spot on with the answers to all my questions."

National Guard Technician, Bear, DE

"Thanks you are awesome!"

Active Duty Service Member, Henderson, TN

"Thank you so much for your follow through. I really appreciate the email. Again, I appreciate you taking on my plight!!!"

Army Spouse, San Antonio, TX

"This is great! I really can't thank you enough for all of your help with the recertification with our current provider. Is there a person or department that I can contact to let them about our experience? I want to make sure this does not go unnoticed! So many people are quick to complain, so I would like to make sure that you and your efforts are given the praise and recognition deserved. Once again, we thank you for your help and timeliness in this process."

Army Spouse, Aberdeen, MD



"You guys are AWESOME! I'm truly thankful for the expeditious way you all handled my case. My children are in a great safe clean learning environment and I can breathe easy with the financial assistance you provide."

Army Spouse, Chester, VA

"It is extremely difficult to find childcare in the District of Columbia and surrounding areas (DMV) due to lack of space and long wait lists. After the birth of our daughter, we contacted NACCRAA and was put in touch with Ms. Thickening. From the very beginning she was extremely professional, capable and thorough. She knew of the area we lived in, traffic patterns and concerns and took all that into consideration when providing child care options for us. Every time we had a question or concern, she responded promptly and always had an answer. Ms. Thickening clearly explained the process to us and as a result, finding childcare and registering was very easy and simple. She took the complexity out of a very complex situation and constantly reassured us along the way. She even followed up to ensure we were satisfied with the process. The turnaround time between when we submitted the paperwork to receiving our certified packet was literally only a couple of days. I am always amazed at her efficiency and professionalism. The childcare where my daughter is currently enrolled also raves about the process. The childcare submits the attendance sheets and they promptly receive payment from NACCRAA. My husband and I have grown to trust and respect her and the team immensely."

Army Spouse, Alexandria, VA

"I want to thank you so much for your help and support! Your kindness and patience means more than you know! I hope other working military families get the same great customer care service as I received with you! God Bless you!"

Army Spouse, Deptford, NJ

"I would like to thank you for your great follow up and for assisting my family with such wonderful customer service. You and your organization have made childcare in the National Capitol Region much easier for us."

Army Spouse, Arlington, VA

"I wanted to take a minute to thank you again for all of your help and going the extra mile--once again--on our behalf. We are truly grateful for your attention to our questions and concerns, and for processing our paperwork in a very timely manner. Truly, thanks. "

Army Spouse

"Again, thank you so much for taking time to answer all my questions and doubts. People like you really do make a difference."

Army Spouse, Belcamp, MD

"I would like to say that Caitlin O'Neill is an excellent Parent Liaison Specialist. This summer she worked closely with me to help get my son enrolled in a daycare at very short notice. Caitlin was so understanding and sweet every time I called her to get an update. She went above and



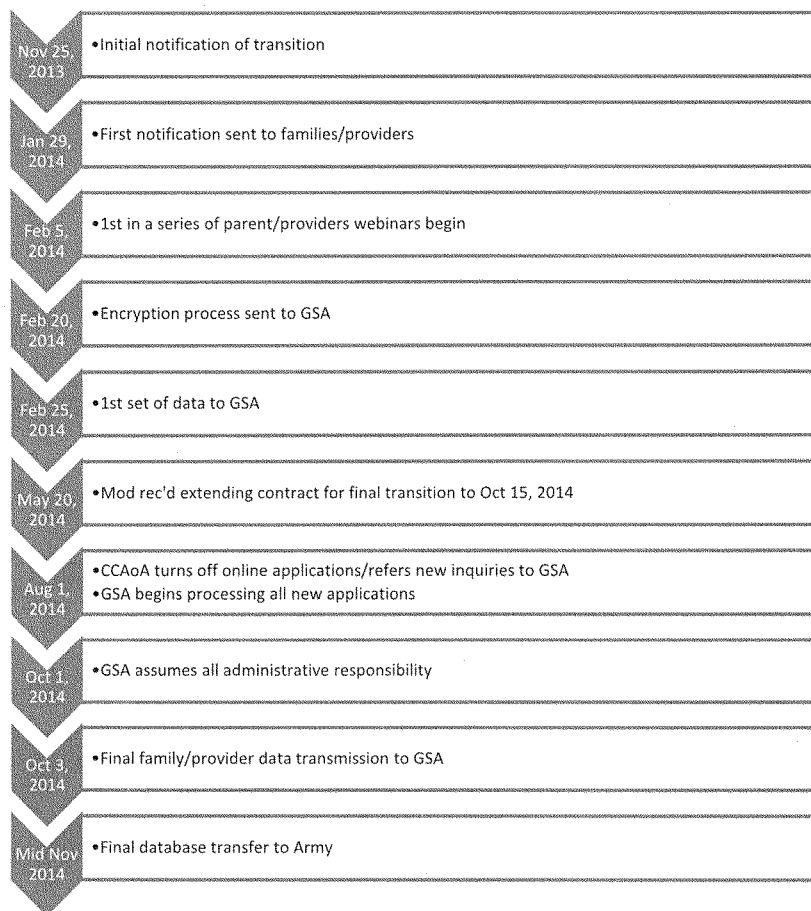
beyond, calling different departments for me and making sure all the documentation was turned in on time. I don't think I would have made it through this experience without her. I hope every parent has a liaison like her!"

Army Spouse, Alexandria, VA



TOP TEN CRITICAL DATES
ARMY FEE ASSISTANCE TRANSITION

Attachment II



To: Mr. Chaffetz
Chairman
Committee on Oversight and Government Reform

From: Ms. Hoehne
Director
Family and Morale, Welfare and Recreation
G9, Installation Management Command
U.S. Army

September 10, 2015 Full Committee Hearing
“GSA: Army Fee Assistance”

1. According to the AFA Family Handbook, “Payments are made within 7 to 10 business days from the GSA’s certification of a complete and accurate attendance record.” The Committee understands from documents produced by the GSA on August 28, 2015 that the standard for processing invoices under the AFA program are now doubled, from 10 to 20 days.

- a. Please explain the Army’s decision to set, or authorize, a doubling of this standard?

On August 25, 2015, GSA notified the Army of their internal plan for stabilization of the AFA program and identified and shared with the Army what they were measuring. Although their goals included payment of invoices in 20 days, this timeline was not within the AFA standard in terms of customer service expectation. The Army also knew GSA did not have the capability to meet the Army standard. To that end, the Army desired to provide families and providers with realistic timelines to manage expectations. On September 1, 2015, during a meeting held between the Army and GSA to discuss the stabilization goals, the Army notified GSA of the negative impact the long lead times would have on Families. GSA acknowledged that the sustainment goals were temporary and as they made progress with backlog, more aggressive timelines would be realized.

- b. What impact will lengthening this standard have on Army families and their child care providers?

Some Families may be required to pay out of pocket for the amount of their fee assistance for up to 10 days before their GSA payment is credited to their account by their child care provider.

- c. What will the standard for processing invoices be when the Army transfers the AFA program from the GSA to a new program administrator?

The standard will revert back to 7-10 days when transitioned to the new program administrator.

2. The Committee understands from documents produced by the GSA on August 28, 2015 that the new standard for processing application and re-applications is within 90 days of a submitted request and that the new standard to process child care provider changes is within 60 days of a submitted request. Under the previous program administrator, family applications and re-applications were processed within 5-10 days of receiving a completed application/re-application under the previous administrator.

- a. Please explain the Army's decision to set, or authorize, a standard of 60-90 days?

On August 25, 2015, GSA notified the Army of their internal plan for stabilization of the AFA program and identified and shared with the Army what they are measuring. Their goals committed that new applications would be processed within 90 days and family requests for provider changes, rate/attendance changes, add a child would be processed within 60 days. Although these goals are not within the AFA standard in terms of customer service expectation, Army also knew GSA lacked the capability to meet the timelines they originally agreed to. To that end, the Army desired to provide families and providers with realistic timelines to manage expectations. On September 1, 2015, the Army and GSA met to discuss the stabilization goals and Army notified GSA the negative impact the long leads times will have on families. GSA committed that as they make progress with backlog, the goals would be adjusted.

- b. What impact will a 90 day standard have on Army families waiting to have their key paperwork processed?

Some Families awaiting application approval may be required to pay the subsidy portion until their application is approved. GSA payments are credited back to the Family's account from the date of enrollment.

3. The Army reported to the Committee that as part of the simplified application it has (or will) approved to help relieve pressures on the backlog, tax forms will no longer be required as proof of family income and that the Army instead will allow pay stubs to suffice.

- a. What is the effective date of this change? Is this change permanent?

The Army authorized use of leave and earnings statements in lieu of tax forms in January, 2015, to bring the Families using off-post child care in line with the same standard used to determine total Family income for Families using on post centers. GSA implemented this change at the end of July. This is a permanent change to the process of validating total Family income.

- b. Please explain the rationale for this change, and how Army and GSA (or a new program administrator) will deter fraud and abuse if tax information is no longer relied upon.

Family income is validated by leave and earning statements, spouse pay statements, and tax-forms for self-owned business. The tax form for the Army sponsor was not necessary since total family incomes can be validated using the other tools.

- c. What other program simplification measures did the Army approve?

The Army approved changes to the AFA application, reduced the number of forms required, extended annual recertification dates, temporarily suspended requirements in order for invoices that received error codes to be identified and paid, and eliminated redundant invoice requirements.

- 4. The Army reported to the Committee that it is temporarily suspending re-certifications to help relieve the work load on GSA and prioritize other processing items.
 - a. Please describe the current process and procedures that AFA program contractors and staff are following with regards to vetting and processing re-certifications.

During the annual recertification sponsors are required to submit an updated application, leave and earnings statements, and any other supporting documents appropriate to the Family's need for child care, as well as verifying the provider's rates. GSA would then recalculate the fee assistance payable and notify the sponsor and the provider of the recalculated benefit.

- b. What is the plan for managing recertification as the program transitions to a new administrator?

The process for managing recertification will be established as part of the transition plan to the new program administrator and would include collection of required documents, recalculation of benefits, and notification to both providers and sponsors.

- 5. GSA reported to the Committee that the Army and GSA consulted in January 2014, and decided not to use the previous program administrator's software.
 - a. What was the specific reason for not using this software?

It is our understanding that the software could not be integrated into the GSA network due to compatibility issues.

- b. Did the Army own this software?

Yes, the Army owns the software.

- c. How much did it invest in developing that software and on what date(s) were investments made?

On May 31, 2010, the Army invested \$3,176,945 in developing a web-based software system.

- 6. The previous program administrator reports to the Committee that it provided the Army with its “software shell” on November 8, 2014.
 - a. If Army and GSA were not going to use the software, why did the Army secure it in November?

Under the contract agreement between the Army and the previous program administrator, the Army owns the rights to the software and as such the program becomes a contract deliverable. Since the previous program administrator provided fee assistance administration for other DoD military services, the Army provided the previous administrator a perpetual, royalty free, non-exclusive and irrevocable license to use, market and promote the fee assistance database software system.

- b. Please provide the committee any information, documentation, analysis, or communications concerning software.

The information requested is procurement sensitive and is attached to this document.

- 7. If the Army knew that GSA was only going to administer the program in the short-term, why has it chosen to invest money into IT upgrades at GSA – including the procurement of Salesforce in March 2015?

In March, 2015, when the Army invested the additional funding for surge staffing and IT development, it was deemed critical to reducing the backlog and essential to allowing GSA to successfully administer the program. The expectation was that the additional resources would allow GSA to bring the program to a sustainable state by May 2015.

- a. If the program transitions to a new program administrator in the next six months, what will happen to the money invested in software solutions at GSA?

As part of the discovery phase for transitioning AFA from GSA to Child Care Aware of America (CCAoA), CCAoA will evaluate if GSA’s software can be used to administer any part of CCAoA’s program. The money invested by the Army will either be a sunk cost, if the software is unusable by CCAoA, or it will be credited to the Army by CCAoA, if they can use the software.

- 8. The Office of the Secretary of Defense (OSD) plays a key role in AFA oversight and guidance.

- a. Has the Army notified the Office of the Secretary of Defense about challenges in the AFA program? If so, when did the Army initially notify OSD?

Yes, the Army has been in regular contact with the Deputy Assistant Secretary of Defense for Military Community and Family Policy (MC&FP), in the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD(P&R)), since July 21, 2015, both at the action officer level and with senior leader to senior leader discussions.

- b. Please describe how the Army is keeping OSD updated about the state of the program, progress to fix problems identified by the IG, and the regularity of such communications.

The Army has provided updates to MC&FP as we have new data, actions or progress to report. Communications with MC&FP are at the leader to leader level, as well as action officer level, via email and verbal exchanges.

- 9. The GSA Inspector General reports that as of July 31, 2015, GSA had not established formal performance indicators and benchmarks by which to measure progress towards program stabilization.

- a. What will the Army do to ensure the program is ready to transfer to another entity?

The Army is planning a methodical reintroduction of Army Families and Providers back to CCAoA with a condition-based transition from GSA to CCAoA. The condition-based timelines will be impacted by workload, GSA backlog, and the capacity of CCAoA. As part of this phase, CCAoA will evaluate and check IT and other work flow systems for sufficiency and quality of data; identify data that may be required for resubmittal by Providers and Families; identify major actions required to migrate data from GSA to CCAoA; and collaborate with GSA and the Army in developing a discovery report. The discovery report will measure and identify any contingencies to mitigate hardships to families. GSA will remain responsible for eliminating backlogs and sustaining operations, while CCAoA begins to assume responsibility, so that CCAoA is not stretched beyond their ability to administer the program, until a full transition can be made.

b. Please describe Army's oversight plan for ensuring a smooth transition, both in terms of communication to families and efficient and effective operations?

1. The Army developed and continues to release key messaging to provide consistent communication to families and providers from the Army, GSA, and CCAoA.
2. The Army has designated personnel assigned to AFA with two oversight teams. One team oversees GSA work effort in backlog reductions and monitors performance. The other team oversees the transition from GSA to CCAoA and, once fully transitioned, this team will monitor work effort through surveillance and immediately report to the contracting officer when metrics are not achieved so appropriate contract action can be taken.

c. If a contract with an entity is already in place, please provide the Committee with a copy of the contract file and any amendments.

Although the Army has been in discussion with CCAoA regarding possible transition, there is no contract in place.

(Subsequent to the hearing, a letter contract was awarded to CCAoA on October 2, 2015. The contract is procurement sensitive and is attached to this document.)

10. When did you first read the Management Alert Report from the GSA Office of Inspector General titled, "Army Fee Assistance Program: Army Families' Sensitive Information Put at Risk?"

I read the management alert report the week it was published (April 27, 2015).

1. Inspector General Carol F. Ochoa testified about a second compromise of Army family information.

a. When did the GSA learn about this second access breach?

The incident was first made known to GSA on June 9th 2015. The incident was first reported to GSA's Office of the Senior Agency Information Security Officer on June 11th 2015. Please see the document entitled "ChildcareSubsidy_0901 Incident Update" for the complete report.

Please note that this information is provided pursuant to questions from the Committee dated September 28, 2015. Some of the information is privileged or confidential and should not be publicly disclosed. Please do not further disseminate without prior coordination and approval from the U.S. General Services Administration.

b. When were Army families been notified about this second incident, and how were they notified?

Army families were not notified. GSA's Initial Agency Response Team determined this to be a Category 6 incident which requires further investigation to determine if reporting to DHS US CERT is warranted. After an investigation, this incident was deemed a vulnerable condition and not an incident of actual compromise to the information as no evidence was found that any information was improperly accessed (page 3 of the ChildcareSubsidy_0901 Incident Update document).

c. Are families impacted by the second data access incident receiving any type of identity theft services? If so, please describe these services. Please also estimate the amount of funding that has been, or will be, expended on such services.

After a review, the incident was determined to be a vulnerability and steps have been taken to address it. No evidence has shown that any records were accessed improperly.

d. When was U.S. Computer Emergency Readiness Team (USCERT) notified of this incident? Please provide a copy of this notification.

No report was filed with US-CERT. After a review, the incident was determined to be a vulnerability and steps have been taken to address it. No evidence has shown that any records were accessed improperly. Please see the document entitled

"ChildcareSubsidy_0901 Incident Update" for the complete report. Please see the answer to 1.b. regarding USCERT notification.

e. The U.S. House Committee on Oversight and Government Reform first learned of this second breach through a report of the GSA Inspector General issued September 8, 2015. Why did GSA fail to notify the Committee that a breach had occurred?

Please see the answer to 1.b.

2. The Inspector General reported on September 8, 2015 that staff working on invoice entry did not have any formal training, and did not have any formal standard operating procedures.

a. Is formal training in place now?

Yes.

b. Are formal procedures in place now? If so, please provide a copy of the procedures.

Yes. Please see zip drive entitled "Answer to 2. b."

3. The Inspector General reported on September 8, 2015 that there are family cases and information in the old e-mail and Excel spreadsheet system that have not yet been transferred to GSA's new system.

a. How many items and/or cases need to be transferred to the new system?

The Excel spreadsheet process was completely replaced for the Army Fee Assistance program by the Quadra database in September 2014. All information related to Army Fee Assistance participants was loaded into Quadra at that time.

Both ImageNow and Salesforce (document processing systems) feed information into Quadra, which is a database that contains all information on program participants, including invoicing calculations. ImageNow has been phased out as the intake system due to Salesforce's advanced capabilities and organization features. As of September 28, 2015, there are 892 actions in ImageNow. The transfer of all documents in ImageNow into Salesforce has yet to be determined. Factors that will be considered include whether and

how the Army and the new vendor prefer GSA transfer this data and when the Army and vendor signal the vendor is prepared to receive this data.

b. When will this be complete?

The transfer of spreadsheet data into Quadra was completed in September, 2014.

Of the 892 outstanding actions in ImageNow, 224 actions are with families because more information is needed from families to process their applications, 157 actions are waiting for child care providers to send information to GSA so that their enrollment in the program can be completed, and 514 actions require calculation to determine child care subsidy eligibility and amount, as applicable. GSA's intent is to complete all cases in progress in ImageNow prior to transition to a new vendor.

c. Will the GSA complete and close out all files in the old system before transferring a new system to a new program administrator?

The old Excel spreadsheet system is not currently being used and was replaced by Quadra as of September 2014 for the Army Fee Assistance program.

GSA's intent is to complete all cases in progress in ImageNow prior to transition to a new vendor.

4. The Inspector General reports that as of July 31, 2015, GSA had not established formal performance indicators and benchmarks by which to measure progress towards program stabilization.

a. Is this in place now? If so, please provide a copy of the performance indicators and benchmarks.

Yes. Please see document entitled "4. a._ChildcareExecutive Dashboard-Aug31" for the dashboard for performance indicators and benchmarks. I meet with the Army on a regular basis to go over progress.

b. Is the program ready to be transferred to another entity?

GSA is working to stabilize the program by the end of the calendar year. GSA stands ready to assist the Army at any point to transfer any portion of the program Army identifies. GSA is

fully supportive of the Army and is cooperating to ensure the smooth transition of this program to another service provider.

5. According to the AFA Family Handbook, "Payments are made within 7 to 10 business days from the GSA's certification of a complete and accurate attendance record." The Committee understands from documents produced by the GSA on August 28, 2015 that the standard for processing invoices under the AFA program are now doubled, from 10 to 20 days.

a. Did the GSA set this standard? If so, please explain the GSA's decision to double this standard?

GSA, in agreement with the Army, set this standard. GSA strives to process invoice payments in 10 days.

b. What impact will lengthening this standard have on Army families and their child care providers?

Invoices may be sent to GSA as soon as the 20th day of the month in which services are received. Childcare providers should receive payment no later than the 10th day of the subsequent month. Therefore, some families may be out of pocket for the amount of their fee assistance for 10 days before their GSA payment is credited to their account by their child care provider.

6. The Committee understands from documents produced by the GSA on August 28, 2015 that the new standard for processing applications and re-applications is within 90 days of a submitted request and that the new standard to process child care provider changes is within 60 days of a submitted request. Under the previous program administrator, family applications and re-applications were processed within 5-10 days of receiving a completed application/re-application under the previous administrator.

a. Did GSA set these new standards? If so, please explain GSA's rationale for the length of each standard.

GSA's processing standards are based on the current inventory and the target inventory of 2,000 items to reach stabilization by the end of the year. GSA coordinated these timelines with the Army; GSA is striving to improve these timelines.

b. What impact will a 90 day standard have on Army families waiting to have their key paperwork processed?

Some Families awaiting application approval will be required to pay the subsidy portion until the application is approved. GSA payments are credited back to the family from the date of the child's enrollment in the child care center or payments will be able to backdated to the date of application.

7. The Army reported to the Committee that as part of the simplified application it has (or will) approved to help relieve pressures on the backlog, tax forms will no longer be required as proof of family income and that the Army instead will allow pay stubs to suffice.

a. Did the GSA have a role in setting this new standard?

Yes, we worked with the Army program staff to recommend and implement this change.

b. When will this new standard take effect?

The Army authorized this change in January 2015; but it was not implemented by GSA until late July.

c. Until the program transitions to a new program administrator, what will GSA do to deter fraud and abuse if tax information is no longer relied upon?

As agreed by the Army, GSA calculates total family income from leave and earning statements, spouse pay statements, and tax-forms for self-owned businesses (Schedule C statements). In agreeing to the new standard, GSA and Army agreed that tax information from the sponsoring individual was not necessary.

d. What other program simplification measures has the GSA recommended or implemented to help alleviate the backlog?

GSA has worked with the Army to simplify the process on many fronts:

1- Application Changes

- Removed the requirement for a Power of Attorney agreement document and replaced it with an authorization on the application form.
- Replaced the seeking employment form with a check box on the application.

2- Recertification Dates

- Upon implementation, Army granted a 30-120 day window on a case by case basis to extend certificate dates to allow GSA time to process re-certification paperwork, if sponsors submitted preliminary paperwork to GSA.
- In January 2015, Army allowed GSA to extend recertification dates up to the application end date.

- A further 9 month extension has currently been extended indefinitely to allow for the payment of invoices and includes the recertification date, the program enter date, and the sponsor Enlisted Termination of Service date.
- 3 - Provider Recertifications
 - Army agreed to temporarily suspend the requirement to recertify providers.
- 4 - Invoice Changes
 - Army temporarily suspended the requirement for a school schedule to be provided for each family to allow invoice processing.
 - Army agreed to pay requested invoice amounts and reconcile discrepancies later.
 - Army agreed to reduce the requirements for validating invoices
- 5 - Signed Parent Letter
 - Army waived the requirement to have the signed sponsor letter before paying invoices.
 - The signed parent letter was replaced with a MOU as part of the application/recertification package.
- 6 - Checklist Follow Up
 - Army agreed to reduce the timeline for chasing incomplete applications from 90 days and 3 follow-ups, to working applications within 90 days with 2 follow-ups commencing at the 45 day mark.

8. The Army reported to the Committee that it is temporarily suspending re-certifications to help relieve the workload on GSA and prioritize other processing items.

a. Please describe the current process and procedures that AFA program contractors and staff are following with regards to vetting and processing re-certifications.

GSA is completing recertification actions that are already in-progress. As agreed to with the Army, recertifications are not being required. GSA is paying invoices on behalf of families who are due for recertifications, if the invoice is otherwise complete. Re-certifications are required but extended per answer 7.d.2 above.

b. Until the program transitions to a new program administrator, what is the plan for managing recertification as the program transitions to a new administrator?

GSA has not discussed managing recertifications as the program transitions to a new program administrator, but stands ready to be of assistance to the Army and is willing to discuss planning at any time.

9. GSA reported to the Committee that the Army and GSA consulted in January 2014, and decided not to use the previous program administrator's software.

a. Did GSA make the decision not to use the software used by the previous administrator? If so, why did it opt not to use this software?

In January 2014, Child Care program management consulted with GSA's Office of the Chief Information Officer (OCIO) about the possibility of GSA taking ownership of the National Association of Child Care Resource and Referral Agency (NACCRRRA) software that was being used to administer the U.S. Army's Child Care Subsidy (CCS) program.

Based on information provided by Child Care program management, the OCIO recommended against this course of action for numerous reasons, most importantly because NACCRRRA was running on an older software platform which would require additional resources to upgrade both its functionality and security, and because the NACCRRRA design framework was incompatible with GSA's existing IT systems environment.

Specifically, the OCIO determined that the NACCRRRA software could not be integrated into GSA's network without purchasing dedicated hardware and software licenses and hiring new contractors with subject matter expertise to maintain the NACCRRRA software. This assessment was based on the OCIO's understanding that GSA's software and infrastructure environments were more current than that provided to the Army by NACCRRRA. In addition, security considerations included the need for an assessment of appropriate controls for protection of Personally Identifiable Information (PII), and of additional potential risks typically associated with vulnerabilities in older platform software.

For these reasons, GSA decided not to pursue the acquisition of the NACCRRRA software.